

Agenda Including Addeds

Corporate Services Committee

5th Report of the Corporate Services Committee

February 18, 2020, 12:00 PM

Council Chambers

Members

Councillors A. Kayabaga (Chair), M. van Holst, J. Helmer, J. Morgan, A. Hopkins, Mayor E. Holder

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<p>A matter pertaining to the proposed or pending disposition of land by the municipality, including communications necessary for that purpose; advice that is subject to solicitor-client privilege; commercial and financial information, that belongs to the municipality and has monetary value or potential monetary value and a position, plan, procedure, criteria or</p>	

instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality.

6.2 Personal Matters/Identifiable Individuals

A matter pertaining to personal matters about identifiable individuals, including municipal or local board employees.

6.3 *(ADDED) Land Acquisition / Solicitor-Client Privileged Advice / Position, Plan, Procedure, Criteria or Instruction to be Applied to Any Negotiations*

A matter pertaining to the proposed or pending acquisition of land by the municipality, including communications necessary for that purpose; advice that is subject to solicitor-client privilege; commercial and financial information, that belongs to the municipality and has monetary value or potential monetary value and a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality.

7. **Adjournment**

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON FEBRUARY 18, 2020
FROM:	LYNNE LIVINGSTONE, ACTING CITY MANAGER / DEPUTY CITY MANAGER AND MICHAEL GOLDRUP, DIRECTOR OF PEOPLE SERVICES
SUBJECT:	CODE OF ETHICS

RECOMMENDATION

That on the recommendation of the Acting City Manager / Deputy City Manager and Director of People Services, the attached proposed by-law (Appendix “A”) **BE INTRODUCED** at Municipal Council Meeting to be held on March 2, 2020 to adopt a new Council Policy entitled “Code of Ethics”.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- Update #3 Harassment and Discrimination – Third Party Review – Workplace Assessment and Recommendations, March 19, 2019
- Update #4 Harassment and Discrimination – Third Party Review – Workplace Harassment Assessment and Recommendations – Action Plan, June 18, 2019
- Respectful Workplace Policy, December 3, 2019

BACKGROUND

On December 10, 2019 Municipal Council approved the *Respectful Workplace Policy (Anti-Harassment/Anti-Discrimination)* (“Respectful Workplace Policy”) that comes into effect on March 1, 2020. Creating a Respectful Workplace Policy was an important part of the action plan set out in June 2019 to implement recommendations of Rubin Thomlinson.

The Respectful Workplace Policy combines the existing *Workplace Harassment Discrimination Prevention Policy*, and *Code of Conduct for Employees* (“Code of Conduct”) into one policy with a single dispute resolution and complaint process.

As previously reported in December 2019, when the Respectful Workplace Policy comes into effect, the current Code of Conduct will be null and void. There are some portions of the current Code of Conduct that outline employment obligations that are unrelated to interpersonal conduct (e.g. ethical standards, confidentiality) which need to be retained. As a result, the Civic Administration recommends that the proposed policy attached as Schedule “A” to this report be adopted to address these matters. The proposed policy will maintain established ethical standards of behaviour that must be followed by employees, as well as volunteers, students on placement, and individuals contracted by the City on a “purchase for service” agreement.

Proposed Code of Ethics

The proposed Code of Ethics contains the ethical standards and employment obligations that are currently set out in the Code of Conduct for Employees. The following summarizes the proposed key amendments from the current Code of Conduct that are being proposed in the proposed Code of Ethics:

- Definitions – provides definitions of key terms within the policy, including ethical misconduct, confidential information, and conflict of interest.
- Application – different from the current Code of Conduct, the proposed Code of Ethics will not apply to members of Advisory Committees, Special Committees and Task Forces. The Council Policy, *General Policy for Advisory Committees* provides ethical standards of behaviour for Advisory Committees, Special Committees and Task Forces.
- Expected Standards of Ethical Behaviour – this section contains the provisions previously set out in the current Code of Conduct. The provisions have been drafted to better articulate the standards, including specific provisions regarding influencing the employment process and preferential treatment.
- Roles and Responsibilities – this section outlines the roles and responsibilities of the City Manager, Human Resources, Managers and Employees. The current Code of Conduct does not contain a similar section.
- Disclosure of Ethical Misconduct – the section sets out to whom employees can direct concerns regarding ethical misconduct and advises that allegations of ethical misconduct received by City Management from any source must be immediately reported to the Director of People Services or the City Manager if the Director of People Services is implicated in the allegation.
- Investigations – the investigation process is drafted to reflect the nature and scope of the concerns that may be raised. It differs from the current Code of Conduct in the following ways:
 - it does not provide for individual action, informal action or mediation, which are more applicable to resolution of interpersonal workplace disputes than ethical misconduct.
 - the role of the City Manager (or delegate) includes the following:
 - they may give direction regarding how more serious concerns are investigated, for example, allegations of theft or fraud; and
 - the Director of People Services may consult with the City Manager as applicable regarding interim measures; and
 - they will determine appropriate corrective and/or disciplinary action where there are findings of a violation(s) in consultation with the applicable manager, the Director of People Services (or delegate) and/or the City Solicitor (or delegate).

Although there are some differences, the investigation process is similar to the current Code of Conduct in that concerns regarding the City Manager, Managing Directors and the Director of People Services will be investigated by an external investigator. Findings related to the City Manager will be reported to Municipal Council for consideration, and findings related to Managing Directors, the Deputy City Manager or the Director of People Services will be reported to the City Manager for consideration.

CONCLUSION

The Civic Administration is recommending the proposed Code of Ethics attached as Appendix “A” to this report be adopted. The proposed Code of Ethics maintains ethical standards of behaviour previously found in the current Code of Conduct. As a standalone Council policy, the Code of Ethics is more robust containing additional sections to explain expectations of ethical behaviour, and roles and responsibilities.

The process for investigation of allegations of unethical behaviour has been amended to clarify the role of the City Manager and to ensure that from a broader corporate perspective, appropriate measures are taken to address violations of the policy.

PREPARED AND RECOMMENDED BY:	RECOMMENDED BY:
MICHAEL GOLDRUP DIRECTOR OF PEOPLE SERVICES	LYNNE LIVINGSTONE ACTING CITY MANAGER / DEPUTY CITY MANAGER

APPENDIX “A”

Bill No.
2020

By-law No. CPOL.-

A by-law to adopt a new Council Policy By-Law entitled “Code of Ethics”.

WHEREAS section 5(3) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides a municipality with the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority;

AND WHEREAS the Council of The Corporation of the City of London wishes to adopt a new Council policy entitled “Code of Ethics”;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The policy entitled “Code of Ethics” attached hereto as Schedule “A” to is hereby adopted.
2. This by-law comes into effect on the date it is passed.

PASSED in Open Council on _____, 2020.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading –
Second Reading –
Third Reading –



London
CANADA

Code of Ethics

Policy Name: Code of Ethics

Revision History: N/A

Last Review Date: February 18, 2020

Service Area Lead: City Manager

1. Policy Statement

- 1.1 The Corporation of the City of London (“City”) is committed to providing transparent, ethical, and accountable public service. The City strives to conduct all of its business affairs in an open, impartial, honest, and effective manner that maintains the public trust.
- 1.2 This Code of Ethics establishes ethical standards of behaviour that must be followed by all City employees in carrying out their duties. In order to safeguard the public trust, all employees must demonstrate the highest standards of ethical behaviour, integrity, honesty, objectivity, and professionalism and are encouraged to disclose suspected ethical misconduct that may adversely impact the City and the public.

2. Definitions

- 2.1 **City Property** - Includes all real property, vehicles, tools, equipment, material, supplies, hardware, software, intellectual property and documents, including electronic versions of documents.
- 2.2 **Confidential Information** - Includes, but is not limited to, solicitor-client and litigation privileged information; records related to a prosecution; draft by-laws or staff reports; information or reports submitted or discussed at a closed session meeting of committees, council, boards or commissions; third party information supplied to the City in confidence that reveals a trade secret or scientific, technical, commercial, financial or labour relations information as provided for in section 10 of the [Municipal Freedom of Information and Protection of Privacy Act](#), (“MFIPPA”); personal information as defined in section 2 of MFIPPA; personal health information as defined in section 4 of the [Personal Health Information Protection Act, 2004](#) (“PHIPA”); records received in confidence from an upper level of government or Aboriginal community as defined in section 9 of MFIPPA; records related to labour relations or employment related matters; any other information collected, obtained or derived for or from records in the custody or under the control of the City that are, must, or may be exempt from disclosure under MFIPPA or PHIPA; and any information that may be subject to confidentiality pursuant to any other Act.
- 2.3 **Conflict/Conflict of Interest** - A situation in which an employee has, or is perceived to have, personal or private interests that may compete with the interests of the City or the public interest. Such personal or private interests may make it difficult, or be perceived to make it difficult, for the employee to remain impartial. A conflict exists even if no unethical or improper act results from it. A conflict of interest can either be an apparent (perceived) conflict or an actual conflict.

Apparent (Perceived) Conflict - Exists when an informed and reasonable person could conclude that a conflict of interest exists, whether or not an actual conflict does exist.

Schedule A

Actual Conflict - Exists where a personal or private interest exists and that interest:

- 1) Is known to the employee; and
- 2) Has a connection to the employee's duties that is sufficient to influence the exercise of those duties.

2.4 **Ethical Misconduct** - Business-related conduct that is contrary to the ethical standards outlined in this Policy, including but not limited to the following:

- Theft, embezzlement or misappropriation of funds, goods and supplies, equipment, resources and other assets or time;
- Fraud or other criminal activity;
- Misuse or abuse of authority in the context of purchasing supplies, providing services or other work duties;
- The use of City money, property, equipment, resources or authority for personal gain or other non-City business related purposes, except as permitted by City policy or otherwise approved in writing by the City;
- Using one's position with the City to secure advantage, benefit, favour, additional compensation and/or service for, including but not limited to, oneself, relatives, friends or associates;
- Promotion of political activities using one's title/position as a City employee;
- Conflict of interest (allowing personal interests to influence the objective exercise of one's duties);
- Breach of confidentiality;
- Showing undue favour to a contractor or supplier of goods/services contrary to applicable City policies and procedures;
- Illegally obtaining money including solicitation and/or acceptance of bribes;
- Intentionally providing false or incomplete information including falsification of records (cheques, promissory notes, time sheets, independent contractor agreements, purchase orders etc.);
- Manipulation, creation, alteration and/or approval of records or documents for other than a legitimate business purpose;
- Tampering with City systems, programs or global positions (GPS) devices for the purpose of misrepresenting information;
- Improprieties in the handling or reporting of money transactions;
- Participating in any activity that negatively impacts the reputation of the City; and
- Breach of public trust.

2.5 **Family Member** - For the purposes of this policy means::

- Spouse, any person to whom the person is married or with whom the person is living in a conjugal relationship
- Parent, including step parent, foster parent and legal guardian
- Children, including step children and foster children
- Siblings, including step siblings and half siblings
- In-laws, including father/mother-in-law, brother/sister-in-law, son/daughter-in-law
- Aunts and uncles
- Children of siblings
- Grandparents and grandchildren, including step grandparents/grandchildren
- Any family member who lives with the employee on a permanent basis

2.6 **Significant Social Relationship** - Includes personal relationships, such as family and emotional relationships, and memberships in volunteer and professional organizations.

3. **Applicability**

Schedule A

- 3.1 This Policy applies to all City employees, volunteers (excluding members of Advisory Committees, Special Committees and Task Forces), students on placement, and individuals contracted by the City on a “purchase for service” agreement (collectively called “employees” for the purposes of this Policy).

The Mayor, Councillors and members of Advisory Committees, Special Committees and Task Forces are governed by the Conduct for Council Members and the General Policy for Advisory Committees, as applicable.

4. The Policy

4.1 Expected Standards of Ethical Behaviour

4.1.1 General

- a) Employees are expected to conduct themselves with personal integrity, honesty, and diligence in the performance of their duties and must not engage in fraudulent, illegal or dishonest activities.
- b) Employees will perform their job functions in the best interests of the City and avoid placing themselves in situations where their personal or private interests may be in conflict with, or be perceived to be in conflict with, the interests of the City.
- c) When in doubt, employees may seek advice with respect to the application or interpretation of the standards of ethical behaviour outlined in this Policy from their Manager or Human Resources and must report any conflict of interest or perceived conflict of interest to their Manager.
- d) In certain circumstances, the duties and obligations set out in this Policy will continue after the employee leaves the City, including the obligation not to, directly or indirectly, use or disclose confidential information unless required by law or authorized in writing by the City.
- e) The standards and examples set out in this Policy identify obvious situations and do not exhaust the possibilities for ethical misconduct.
- f) The standards and duties set out in this Policy do not replace, remove, or supersede the duties and obligations required by applicable professional designations or regulatory bodies.
- g) Where there is a conflict between this Policy and any other policy of the City or duties and obligations required by applicable professional designations or regulatory bodies, the more stringent policy or standard shall apply.

4.1.2 Confidentiality

Employees will honour the need for confidentiality and/or proprietary information with respect to information obtained in the course of their employment and will not utilize such information for personal gain or benefit, nor disclose confidential/proprietary information gained by reason of their position nor permit any person access to confidential information, except as required by law, including in accordance with the [Municipal Freedom of Information and Protection of Privacy Act](#), and the [Personal Health Information Protection Act, 2004](#) or authorized in writing by the City.

The obligation to maintain confidentiality, except as required by law or authorized in writing by the City, continues after the end of the employment relationship.

4.1.3 Outside Employment or Business Activities

Employees who engage in any outside employment or business activity shall do so in a manner which will not interfere with, place them in conflict

Schedule A

with, or be reasonably perceived to interfere with or place them in conflict with, the performance of their duties as a City employee or in which an advantage would be derived from their employment with the City. Outside employment or business activity must be reported in writing to the employee's Manager where a conflict or perceived conflict does or may exist. The Manager will refer the matter to Human Resources to determine what action is required, if any.

4.1.4 Personal Conduct

Employees shall, in the course of their duties, uphold municipal, provincial and federal laws and shall ensure their conduct is in accordance with City by-laws, policies, and procedures, including but not limited to the [Respectful Workplace Policy](#), the [Workplace Violence Prevention Policy](#), and the [Use of Technology Administrative Procedure](#).

Employees shall ensure their conduct, whether in a personal or official capacity, does not bring the City into disrepute, or damage public confidence in the City. Employees shall ensure their personal conduct within the workplace and elsewhere does not adversely affect:

- a) Their ability to perform their official duties;
- b) The ability of other employees to perform their duties; or
- c) Public confidence in the employee's functions, in the City, or in the integrity of the public sector.

4.1.5 Compensation or Business Gifts and Benefits

The compensation an employee is paid is intended to remunerate them for service to the City. An employee will not solicit, accept, arrange to accept, give, or request to be given a reward, gift, present, favour, advantage, benefit, or any form of entertainment or other compensation which a reasonable person would perceive as influencing the past, current and/or future performance of the employee's duties or business relationships with the City.

City employees who receive a gift in the performance of their duties will immediately advise their Manager.

4.1.6 Financial/Non-financial Interests

A City employee involved in a decision-making process related to a contract, sale, business transaction, or other City matter who knowingly has a financial or non-financial interest in the matter, or has family members, business associates, or a significant social relationship with individuals with such interests, must disclose the interest to their Manager, in writing, and remove themselves from any decision-making process.

4.1.7 Influencing the Employment Process

Employees shall comply with the [Hiring of Employees Policy](#), the [Recruitment and Selection Procedure](#) and the [Employment of Family Members Procedure](#).

4.1.8 Preferential Treatment

Employees shall not use their position to give anyone preferential (i.e. special) treatment that would advance the employee's own private interest or that of any other party where such advance is contrary to the interests of the City, or would be otherwise contrary to the expected standards and duties set out in this Policy.

4.1.9 City Property

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Employees shall not use City property or permit City property to be used for activities not associated with the performance of their duties unless authorized to do so in writing by their Manager or otherwise permitted by City policy.

4.2 Roles and Responsibilities

4.2.1 City Manager

- Lead and advance a culture rooted in the highest ethical standards for City employees.
- Provide overall administration of this Policy to ensure implementation and compliance.
- Provide guidance in interpreting the Policy.
- Determine and implement corrective and disciplinary actions to appropriately address and resolve ethical misconduct, including timely improvements to internal control systems and procedures.
- Oversee review of the Policy to ensure it continues to reflect changing needs and responsibilities of City administration and employees.
- Ensure tracking of ethical misconduct to identify trends, and improvements.

4.2.2 Human Resources

- Distribute and provide training on the Policy to all new employees.
- Provide refresher and in-service training on the Policy as required.
- Provide support and consultation to employees, supervisors and managers in interpreting and administering this Policy.
- Oversee, through the Director of People Services, intakes of concerns and allegations of ethical misconduct.
- Oversee, through the Director of People Services, independent investigations of concerns of ethical misconduct as directed by the City Manager or delegate.
- Recommend appropriate corrective and disciplinary action to address and resolve incidents of ethical misconduct.
- Track all concerns and complaints under this Policy.
- Review the Policy in accordance with the Policy for the Establishment and Maintenance of Council Policies.

4.2.3 Managers

- Ensure all employees have been provided with and review the Policy and are provided with any updates.
- Provide guidance in interpreting the Policy.
- Incorporate Code of Ethics discussions into staff meetings and highlight any areas that have particular relevance to employees' work.
- Take appropriate measures to reduce the risk of ethical misconduct, particularly for positions identified as posing a high risk.
- Consult with Human Resources or the City Manager if interpretation of the Policy is required.
- Report any violation of the Policy to the Director of People Services, the Deputy City Manager, or City Manager as required.
- Implement disciplinary and/or corrective actions to address and resolve incidents of ethical misconduct, including improvements to internal control systems and procedures.

4.2.4 All Employees

- Adhere to the standards set out in this Policy.
- Regularly review the Policy and all amendments to the Policy and participate in related training.

Schedule A

- Seek clarification if unsure about any information included in the Policy.
- Consult with immediate manager or Human Resources for guidance if suspect potential ethical misconduct has occurred.
- Cooperate in investigations of alleged ethical misconduct upon request.
- Maintain confidentiality related to investigations of alleged ethical misconduct as required.

4.3 Disclosure of Ethical Misconduct

Any employee who has a concern that ethical misconduct has occurred is encouraged to notify their Manager, Managing Director, the Director of People Services, the Deputy City Manager, or City Manager as soon as possible. Concerns of ethical misconduct received by City management from any source (employees, members of the public, customers etc.) must be immediately reported to the Director of People Services or to the City Manager if the Director of People Services is implicated in the allegation.

4.4 Investigations

All concerns of ethical misconduct will be investigated as appropriate in the circumstances in a thorough, fair and objective manner. Unless otherwise directed by the City Manager, investigations shall be overseen by the Director of People Services or designate, in consultation, where appropriate, with other applicable management employees and the City Solicitor or delegate. Findings will be reported to the City Manager.

Concerns Involving the City Manager, Deputy City Manager, and Managing Directors

The Director of People Services shall immediately refer all concerns of ethical misconduct against the City Manager, Deputy City Manager, and/or a Managing Director to a third party external investigator for investigation. Findings shall be reported to the City Manager unless the City Manager is implicated in the concern in which case findings shall be reported to City Council.

Concerns Involving the Director of People Services

The City Manager shall immediately refer all concerns of ethical misconduct against the Director of People Services to a third party external investigator for investigation as appropriate in the circumstances. Findings shall be reported to the City Manager.

4.5 Corrective and/or Disciplinary Action

Where a finding of ethical misconduct has been made, the City Manager or delegate, in consultation with the applicable Manager, Director of People Services, and City Solicitor (or their delegates), as appropriate, will determine appropriate corrective and/or disciplinary action, subject to applicable Council by-laws, policies and procedures.

Where a finding of ethical misconduct has been made against the City Manager, City Council, in consultation with the external investigator and such other internal and/or external resources as required and appropriate, will determine appropriate corrective and/or disciplinary action.

Where it is determined that corrective action or disciplinary action is to be taken against an employee, such action may include, but is not limited to, the following:

- An apology
- Coaching or counselling

Schedule A

- Education or training
- Warning
- Suspension or leave without pay
- Demotion
- Transfer
- Termination of employment

Where warranted, an employee may also be subject to prosecution or other legal proceedings in accordance with applicable municipal, provincial and federal law.

4.6 Interim Measures

In certain circumstances, it may be necessary for the City to take immediate measures, for example, to protect City or public property or assets, maintain the public trust, or to ensure the integrity of the investigation process. In such a case, interim measures shall be determined by the Director of People Services, or designate, in consultation, where appropriate, with the City Manager, City Solicitor (or their delegates) and/or other applicable members of management. Interim measures may include relocating the employee alleged to have engaged in ethical misconduct, or placing that employee on a non-disciplinary suspension with pay pending the outcome of the investigation. The implementation of interim measures does not mean that conclusions have been reached relating to the concerns.

4.7 Employee Supports

The City recognizes that involvement in a workplace investigation may be stressful and emotionally upsetting. Employees who have raised a concern or been accused of ethical misconduct, witnesses, and other affected employees may access the counselling services and support provided by the City's employee assistance provider.

Employees who have raised or been accused of ethical misconduct also have the right to be accompanied by a support person of their choice during meetings relating to a complaint made pursuant to this Policy, including their Union/Association representative, if applicable, or a trusted friend (e.g. another manager if they are a management employee).

4.8 Reprisal

The Corporation will not tolerate reprisal against any individual because they:

- Have sought information or advice about making a disclosure about ethical misconduct;
- Have made a disclosure of ethical misconduct in good faith;
- Have initiated or co-operated in an investigation or other process related to a disclosure of ethical misconduct;
- Have appeared as a witness, given evidence or participated in any proceeding relating to the ethical misconduct, or is required to do so;
- Have alleged or reported a reprisal; or
- Are suspected of any of the above actions.

An employee who believes they are the subject of a reprisal or who becomes aware of a reprisal against another individual, shall notify the Director of People Services, the Deputy City Manager, or City Manager as soon as possible.

Allegations of reprisal will be investigated as appropriate in the circumstances and, where the investigation substantiates the allegations, the employees involved will be subject to disciplinary action up to and including dismissal as determined by the City Manager or delegate in consultation with the Director of People Services and City Solicitor or their delegates, where appropriate.

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In the event allegations of reprisal involving the City Manager are substantiated, City Council, in consultation with the external investigator and such other external and internal resources as required and appropriate, shall determine appropriate corrective and disciplinary actions.

4.9 Vexatious/Bad Faith Complaints

Any employee who knowingly makes a false allegation of ethical misconduct in bad faith or who knowingly makes a false or misleading statement that is intended to mislead an investigation of a concern of ethical misconduct, may be subject to disciplinary actions noted above as determined by the City Manager or delegate in consultation with the Director of People Services and City Solicitor or their delegates, as appropriate.

An allegation is vexatious or made in bad faith if it is made for the purpose of annoying, embarrassing or harassing the respondent, out of spite or vindictiveness, or the individual making the allegation is engaging in improper behaviour such as fraud, deception, or intentional misrepresentation.

A concern or allegation that is made in good faith but is not substantiated is not considered vexatious or to be made in bad faith.

4.10 Confidentiality

The administration of this Policy will be in accordance with the [Municipal Freedom of Information and Protection of Privacy Act](#) ("MFIPPA"). All concerns received under this Policy and related investigations will be considered strictly confidential subject to the City's obligation to conduct a thorough investigation, take appropriate corrective and/or disciplinary action, or to otherwise disclose information as required by law. The individual who raised the concern, the employee who is alleged to have engaged in ethical misconduct, and any witnesses are also expected to maintain confidentiality. Unjustified breaches of confidentiality will result in corrective and/or disciplinary action.

4.11 Records

Where an investigation results in corrective and/or disciplinary action against an employee, a record of such action will be placed in the employee's Human Resources file. Where there is insufficient evidence to prove that ethical misconduct occurred, no record of the complaint shall be placed in the respondent's Human Resources file.

All records pertaining to enquiries and concerns under this policy will be kept in confidential storage separate from employees' Human Resources files. All records will be subject to the provisions of [MFIPPA](#) as noted above and the City's Records Retention by-law.

4.12 Communication and Training

This policy shall be provided to all new employees upon hire and shall be posted on the City's intranet, on the City's website, and in the City's workplaces.

New employees will receive mandatory training on this policy upon hire. Thereafter, as appropriate, they will receive refresher or in-service training as appropriate.

4.13 Policy Review Process

To ensure this policy remains relevant and current, it shall be reviewed in accordance with the [Policy for the Establishment and Maintenance of Council Policies](#).

4.14 Policy Implementation

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Implementation of this Policy will be in accordance with applicable Council and/or Corporation by-laws, policies and procedures, legislation, and collective agreement provisions.

4.15 Related Policies and Procedures

- [Access and Privacy Policy](#)
- [Accountability & and Transparency to Public Policy](#)
- [City of London Code of Conduct for Building Officials](#)
- [Civic Administration Appointments to Boards, Commissions and Advisory Committee Policy](#)
- [Code of Conduct for Members of Council](#)
- [Employment of Family Members Procedure](#)
- [Formal Investigation Process](#)
- [General Policy for Advisory Committees](#)
- [Hiring of Employees Policy](#)
- [Procurement of Goods & and Services Policy](#)
- [Promotion of Corporate Products to City Employees](#)
- [Recruitment and Selection Procedure](#)
- [Use of City of London Resources for Election Purposes](#)
- [Use of Technology Administrative Procedure](#)
- [Workplace Violence Prevention Policy](#)

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON FEBRUARY 18, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	COURT SECURITY AND PRISONER TRANSPORTATION PROGRAM TRANSFER PAYMENT AGREEMENT

RECOMMENDATION

That on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the attached proposed by-law (Appendix "A") **BE INTRODUCED** at the Municipal Council meeting on March 2nd, 2020 to approve the Ontario Transfer Payment Agreement for the Court Security and Prisoner Transportation Program ("Schedule 1") between The Corporation of the City of London and Her Majesty the Queen in Right of Ontario; and to authorize the Mayor and Clerk to execute the Agreement.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- Court Security and Prisoner Transportation Program Transfer Payment Agreement (Corporate Services Committee – March 25, 2019)
- Court Security and Prisoner Transportation Program Transfer Payment Agreement (Corporate Services Committee – December 13, 2016)
- Court Security Prisoner Transportation Program Funding Agreement (Corporate Services Committee – December 16, 2014)
- Court Security Prisoner Transportation Program Funding Agreement (Public Safety Committee – March 20, 2012)
- Provincial-Municipal Fiscal and Service Delivery Review (Board of Control – November 12, 2008)

BACKGROUND

On October 3, 2008, the Government of Ontario, the Association of Municipalities of Ontario (AMO), and the City of Toronto announced the results of the Provincial-Municipal Fiscal and Service Delivery Review in a ceremony at Queens Park along with the release of a corresponding report entitled "Facing the Future Together." One of the results of this review that impacts municipalities was the gradual upload of court security costs and prisoner transportation costs. The uploading of these costs began in 2012 and was phased in over seven years up to a maximum of \$125 million province-wide by 2018. With the upload commencing in 2012, three agreements covering the allocation of funding for the years 2012-2014, 2015-2016 and subsequently 2017-2018 totaling approximately \$13.2 million were approved and executed. The 2019 agreement was for \$3.2 million.

The City has received the next agreement for a one year term which sets out the allocation of funding of \$3,073,434.60 for 2020 under the Court Security and Prisoner Transportation (CSPT) Program. The Province requires receipt of all municipalities' executed CSPT agreements by March 2, 2020. An extension to this timeline was requested and granted to March 9, 2020.

As with previous agreements, Civic Administration proposed several changes to the Province to amend the agreement to more appropriately reflect the relationship between the Corporation of the City of London and the London Police Service, the organization responsible for the provision of these services.

The agreement, as presented in Schedule 1 of the by-law, reflects the amended agreement which contains similar provisions as previous agreements signed. Unfortunately, Civic Administration continues to have some reservations with the agreement as it stands, however the Province has made it clear that they are unwilling to consider any further changes to their standard form agreement. Furthermore, should the municipality decide not to execute the agreement, funding of approximately \$3.1 million would be lost over the one year term.

Despite amendments made, Civic Administration still has concerns with the amended agreement in the following areas:

a) Article A4.2 – Limitation on Payment of Funds

The agreement indicates that the Province is not obligated to provide instalments of the funding until it is satisfied with the progress of the project. The “project” for the purposes of this agreement is simply the provision of funds from the Corporation to the London Police Service, so it is not clear what would signify satisfactory progress for this provision. In the City’s opinion, this clause is not required to be part of the agreement.

b) Article 4.3 – Use of Funds and Carry Out the Project

The City has no control over how the Project is carried out. Although the Province has allowed the City to add a paragraph in Schedule C for clarity that the London Police Services Board is responsible for providing the services and carrying out the Project the Province would not agree to amend this clause.

c) Article A6.0 – Conflict of Interest

Although the Province has amended the agreement to recognize that the Municipality is not carrying out the program but rather funding the London Police Service who does, the City still has no control over how the London Police Services operates. As such, there is no conflict of interest and in the City’s opinion, this clause is not required to be part of the agreement.

d) Article A7.0 – Reporting, Accounting, and Review

This article identifies that the City may be required to submit other reports other than what is prescribed in the agreement under a timeline and with content requirements specified by the Province. Without knowing what reporting requirements may be required, the Province could require that the municipality submit a report that it may not be able to produce. The City would prefer the Province to be more specific with respect to the “other reports” referred to in the agreement.

e) Article A12.0 – Termination on Notice

Concern was raised that this article contradicts what has been represented by the Province relative to this upload. This funding is being relied upon for budget purposes. If the agreement were to be terminated by the Province in accordance with this article, a budget shortfall would result.

Risk Management has reviewed the agreement and although there are a couple of points in the agreement that expose the City to risk, the benefits of the agreement outweigh the risks.

FINANCIAL IMPACT

The 2020 budgeted funding for this program (developed prior to the receipt of this agreement) is \$3,180,692. Based on the actual funding amount of \$3,073,434 the budget is under-stated by \$107,258 and will be a budget pressure during 2020. The reduction is a function of the formula utilized to distribute funding across the province. The 2020 allocation is based on the proportion of London Police Service’s 2018 costs relative to the total costs of all services receiving funding province-wide. For 2020 London’s funding was established at 2.4587% (compared to 2.5446% in 2019) of the overall available funding envelope of \$125,000,000. As identified in Article A11.1 – Termination on Notice, “the Province may terminate this Agreement at any time without liability, penalty, or costs upon giving at least 30 days’ Notice to the Recipient”. If this upload is terminated, the City would have to cover the shortfall of funding through either an increase in property

taxes and/or a reduction in other program expenditures. In addition, depending on the timing of termination, Civic Administration could have to issue a supplementary tax billing if there were insufficient funding available from reserves. At this time, the risk of a supplementary tax billing is extremely low.

SUMMARY

The Province provides funding to support the costs of the Court Security and Prisoner Transportation program delivered by the London Police Service. This funding is provided through a Transfer Payment Agreement between the Province and the Corporation of the City of London. Civic Administration has worked with the Province to amend the agreement to more appropriately reflect the relationship between the Corporation of the City of London and the London Police Service, however Civic Administration continues to have some reservations with the agreement as presented. At this time, the Province has amended the agreement as much as they are willing and require the agreement to be executed. Should the City not execute the agreement, \$3.1 million of funding would be lost by the municipality.

PREPARED BY:	REVIEWED BY:
BRYAN BAAR SENIOR FINANCIAL BUSINESS ADMINISTRATOR	KYLE MURRAY, CPA, CA DIRECTOR, FINANCIAL PLANNING & BUSINESS SUPPORT
RECOMMENDED BY:	
ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

- cc: M. Butlin - City Solicitors Office
 J. Wills - Manager III, Risk Management Division
 S. Williams - Chief of Police, London Police Services
 Kim Darling - Financial Services, London Police Services
 Ian Collins - Director Financial Services

Appendix A

Bill No.

2020

A by-law to approve the Ontario Transfer Payment Agreement for the Court Security and Prisoner Transportation Program with Her Majesty the Queen in right of Ontario as represented by the Solicitor General; and to authorize the Mayor and City Clerk to execute the Agreement

WHEREAS subsection 5(3) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001*, as amended, provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001* provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, 2001* provides that a municipality may pass by-laws respecting, among other things: (i) economic, social, and environmental well-being of the municipality; and ii) health, safety and well-being of persons.

NOW THEREFORE the Municipal Council of the Corporation of the City of London enacts as follows:

1. The Agreement to be entered into between The Corporation of the City of London and Her Majesty the Queen in right of Ontario, for the provision of funding for the Court Security and Prisoner Transportation Program, attached hereto as Schedule "1" to this By-law, is hereby authorized and approved.
2. The Mayor and City Clerk are authorized to execute the Agreement approved under section 1 of this by-law.

This by-law shall come into force and effect on the day it is passed.

Ed Holder
Mayor

Cathy Saunders
City Clerk

First Reading –
Second Reading –
Third Reading –

ONTARIO TRANSFER PAYMENT AGREEMENT

THE AGREEMENT is effective as of the 1st day of January, 2020

B E T W E E N :

**Her Majesty the Queen in right of Ontario
as represented by the Solicitor General**

(the “Province”)

- and -

The Corporation of the City of London

(the “Recipient”)

BACKGROUND

- A. The Province implemented the Court Security and Prisoner Transportation (CSPT) Program (the “Program”) in 2012 to assist municipalities in offsetting their costs of providing CSPT services in their jurisdictions;
- B. The Province will upload CSPT costs from municipalities to a maximum of \$125 million in 2020;
- C. Pursuant to subsection 4(1) of the Police Services Act, the Recipient is required to provide adequate and effective police services in accordance with its needs.
- D. Pursuant to subsection 5(1) of the Police Services Act, the Recipient has discharged its responsibility to provide police services by establishing the London Police Services the members of which are appointed by the London Police Services Board pursuant to subsection 31(1)(a) of the Police Services Act.
- E. Pursuant to subsection 137(1) of the Police Services Act the London Police Services Board has the following responsibilities, with respect to premises where court proceedings are conducted in the City of London:
 - 1. Ensuring the security of judges and of persons taking part in or attending proceedings.
 - 2. During the hours when judges and members of the public are normally present, ensuring the security of the premises.
 - 3. Ensuring the secure custody of persons in custody who are on or about the premises including persons taking into custody or proceedings.

4. Determining appropriate levels of security for the purposes of paragraph 1, 2 and 3.
- F. Pursuant to section 39 of the Police Services Act, the London Police Services Board submits the operating and capital estimates to the Recipient and upon reviewing the estimates, the council for the Recipient establishes an overall budget for the London Police Services Board.
- G. The cost of court security and prisoner transportation provided by the London Police Services Board pursuant to subsection 137(1) of the Police Services Act are included in the estimates provided by the London Police Services Board and funded by the Recipient.
- H. The Ministry has agreed to provide funding to the Recipient to be used to fund the costs of court security and prisoner transportation provided by the London Police Services Board in accordance with its obligations under subsection 137(1) of the Police Services Act.
- I. The Recipient has provided its 2018 CSPT costs, as confirmed in the 2018 Annual Financial Report submitted by the Recipient;
- J. Funding is allocated based on the Recipient's relative share of the total 2018 provincial CSPT costs.

CONSIDERATION

In consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are expressly acknowledged, the Province and the Recipient agree as follows:

1.0 ENTIRE AGREEMENT

1.1 The agreement, together with:

- Schedule "A" - General Terms and Conditions
- Schedule "B" - Project Specific Information and Additional Provisions
- Schedule "C" - Project
- Schedule "D" - Payment Plan and Reporting Schedules
- Schedule "E" - Court Security and Prisoner Transportation Services and Activities Eligible for Funding
- Schedule "F" - Template for Annual Financial Report, and any amending agreement entered into as provided for in section 3.1,

constitutes the entire agreement between the Parties with respect to the subject matter contained in the Agreement and supersedes all prior oral or written representations and agreements.

2.0 CONFLICT OR INCONSISTENCY

2.1 **Conflict or Inconsistency.** In the event of a conflict or inconsistency between the Additional Provisions and the provisions in Schedule "A", the following rules will apply:

- (a) the Parties will interpret any Additional Provisions in so far as possible, in a way that preserves the intention of the Parties as expressed in Schedule "A"; and
- (b) where it is not possible to interpret the Additional Provisions in a way that is consistent with the provisions in Schedule "A", the Additional Provisions will prevail over the provisions in Schedule "A" to the extent of the inconsistency.

3.0 AMENDING THE AGREEMENT

3.1 The Agreement may only be amended by a written agreement duly executed by the Parties.

4.0 ACKNOWLEDGEMENT

4.1 The Recipient acknowledges that:

- (a) by receiving Funds it may become subject to legislation applicable to

organizations that receive funding from the Government of Ontario, including the *Broader Public Sector Accountability Act, 2010* (Ontario), the *Public Sector Salary Disclosure Act, 1996* (Ontario), and the *Auditor General Act* (Ontario);

- (b) Her Majesty the Queen in right of Ontario has issued expenses, perquisites, and procurement directives and guidelines pursuant to the *Broader Public Sector Accountability Act, 2010* (Ontario);
- (c) the Funds are:
 - (i) to assist the Recipient to carry out the Project and not to provide goods or services to the Province;
 - (ii) funding for the purposes of the *Public Sector Salary Disclosure Act, 1996* (Ontario);
- (d) the Province is not responsible for carrying out the Project; and
- (e) the Province is bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province in connection with the Project or otherwise in connection with the Agreement may be subject to disclosure in accordance with that Act.

4.2 The Province acknowledges that the Recipient is bound by the *Municipal Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Recipient in connection with the Project or otherwise in connection with the Agreement may be subject to disclosure in accordance with that Act.

- SIGNATURE PAGE FOLLOWS -

The Parties have executed the Agreement on the dates set out below.

**HER MAJESTY THE QUEEN IN RIGHT OF
ONTARIO as represented by the Solicitor General**

Date

Name: Mario Di Tommaso
Title: Deputy Solicitor General
Community Safety

The Corporation of the City of London

Date

Name:
Title:

Date

Name:
Title:

SCHEDULE "A"
GENERAL TERMS AND CONDITIONS

A1.0 INTERPRETATION AND DEFINITIONS

A1.1 **Interpretation.** For the purposes of interpretation:

- (a) words in the singular include the plural and vice-versa;
- (b) words in one gender include all genders;
- (c) the headings do not form part of the Agreement; they are for reference only and will not affect the interpretation of the Agreement;
- (d) any reference to dollars or currency will be in Canadian dollars and currency; and
- (e) "include", "includes" and "including" denote that the subsequent list is not exhaustive.

A1.2 **Definitions.** In the Agreement, the following terms will have the following meanings:

"Additional Provisions" means the terms and conditions set out in Schedule "B".

"Agreement" means this agreement entered into between the Province and the Recipient, all of the schedules listed in section 1.1, and any amending agreement entered into pursuant to section 3.1.

"Business Day" means any working day, Monday to Friday inclusive, excluding statutory and other holidays, namely: New Year's Day; Family Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day; Boxing Day and any other day on which the Province has elected to be closed for business.

"Court Security and Prisoner Transportation Services" means the services and activities eligible for funding, as set out in Schedule "E".

"Effective Date" means the date set out at the top of the Agreement.

"Event of Default" has the meaning ascribed to it in section A13.1.

"Expiry Date" means the expiry date set out in Schedule "B".

"Funding Year" means:

- (a) in the case of the first Funding Year, the period commencing on the

Effective Date and ending on the following December 31; and

- (b) in the case of Funding Years subsequent to the first Funding Year, the period commencing on January 1 following the end of the previous Funding Year and ending on the following December 31.

“Funds” means the money the Province provides to the Recipient pursuant to the Agreement.

“Indemnified Parties” means Her Majesty the Queen in right of Ontario, Her ministers, agents, appointees, and employees.

“Maximum Funds” means the maximum Funds set out in Schedule “B”.

“Notice” means any communication given or required to be given pursuant to the Agreement.

“Notice Period” means the period of time within which the Recipient is required to remedy an Event of Default pursuant to section A13.3(b), and includes any such period or periods of time by which the Province extends that time in accordance with section A13.4.

“Parties” means the Province and the Recipient.

“Party” means either the Province or the Recipient.

“Project” means the undertaking described in Schedule “C”.

“Reports” means the reports described in Schedule “F”.

A2.0 REPRESENTATIONS, WARRANTIES, AND COVENANTS

A2.1 General. The Recipient represents, warrants, and covenants that:

- (a) it is, and will continue to be, a validly existing legal entity with full power to fulfill its obligations under the Agreement;
- (b) it has, and will continue to have, the experience and expertise necessary to carry out the Project;
- (c) it is in compliance with, and will continue to comply with, all federal and provincial laws and regulations, all municipal by-laws, and any other orders, rules, and by-laws related to any aspect of the Project, the Funds, or both; and
- (d) unless otherwise provided for in the Agreement, any information the Recipient provided to the Province in support of its request for funds (including information relating to any eligibility requirements) was true

and complete at the time the Recipient provided it and will continue to be true and complete.

A2.2 **Execution of Agreement.** The Recipient represents and warrants that it has:

- (a) the full power and authority to enter into the Agreement; and
- (b) taken all necessary actions to authorize the execution of the Agreement.

A2.3 **Governance.** The Recipient represents, warrants, and covenants that it has, will maintain in writing, and will follow:

- (a) a code of conduct and ethical responsibilities for all persons at all levels of the Recipient's organization;
- (b) procedures to enable the Recipient's ongoing effective functioning;
- (c) decision-making mechanisms for the Recipient;
- (d) procedures to enable the Recipient to manage Funds prudently and effectively;
- (e) procedures to enable the Recipient to complete the Project successfully;
- (f) procedures to enable the Recipient to identify risks to the completion of the Project and strategies to address the identified risks, all in a timely manner;
- (g) procedures to enable the preparation and submission of all Reports required pursuant to Article A7.0; and
- (h) procedures to enable the Recipient to address such other matters as the Recipient considers necessary to enable the Recipient to carry out its obligations under the Agreement.

A2.4 **Supporting Proof.** Upon the request of the Province, the Recipient will provide the Province with proof of the matters referred to in Article A2.0.

A3.0 **TERM OF THE AGREEMENT**

A3.1 **Term.** The term of the Agreement will commence on the Effective Date and will expire on the Expiry Date unless terminated earlier pursuant to Article A11.0, Article A12.0, or Article A13.0.

A4.0 **FUNDS AND CARRYING OUT THE PROJECT**

A4.1 **Funds Provided.** The Province will:

- (a) provide the Recipient up to the Maximum Funds for the purpose of carrying out the Project;
- (b) provide the Funds to the Recipient in accordance with Schedule "D"; and
- (c) deposit the Funds into an account designated by the Recipient provided that the account:
 - (i) resides at a Canadian financial institution; and
 - (ii) is in the name of the Recipient.

A4.2 Limitation on Payment of Funds. Despite section A4.1:

- (a) the Province is not obligated to provide any Funds to the Recipient until the Recipient provides the certificates of insurance or other proof as the Province may request pursuant to section A10.2;
- (b) the Province is not obligated to provide instalments of Funds until it is satisfied with the progress of the Project;
- (c) the Province may adjust the amount of Funds it provides to the Recipient in any Funding Year based upon the Province's assessment of the information the Recipient provides to the Province pursuant to section A7.1; or
- (d) if, pursuant to the *Financial Administration Act* (Ontario), the Province does not receive the necessary appropriation from the Ontario Legislature for payment under the Agreement, the Province is not obligated to make any such payment, and, as a consequence, the Province may:
 - (i) reduce the amount of Funds and, in consultation with the Recipient, change the Project; or
 - (ii) terminate the Agreement pursuant to section A12.1.

A4.3 Use of Funds and Carry Out the Project. The Recipient will do all of the following:

- (a) carry out the Project in accordance with the Agreement;
- (b) use the Funds only for the purpose of carrying out the Project;
- (c) use the Funds only on activities and services eligible for funding as set out in Schedule "E"; and
- (d) not use the Funds to cover any cost that has or will be funded or reimbursed by one or more of any third party, ministry, agency, or

organization of the Government of Ontario.

A4.4 **Interest Bearing Account.** If the Province provides Funds before the Recipient's immediate need for the Funds, the Recipient will place the Funds in an interest bearing account in the name of the Recipient at a Canadian financial institution.

A4.5 **Interest.** If the Recipient earns any interest on the Funds, the Province may:

- (a) deduct an amount equal to the interest from any further instalments of Funds; or
- (b) demand from the Recipient the payment of an amount equal to the interest.

A4.6 **Rebates, Credits, and Refunds.** The Ministry will calculate Funds based on the actual costs to the Recipient to carry out the Project, less any costs (including taxes) for which the Recipient has received, will receive, or is eligible to receive, a rebate, credit, or refund.

A5.0 RECIPIENT'S ACQUISITION OF GOODS OR SERVICES, AND DISPOSAL OF ASSETS

A5.1 **Acquisition.** If the Recipient acquires goods, services, or both with the Funds, it will:

- (a) do so through a process that promotes the best value for money; and
- (b) comply with the *Broader Public Sector Accountability Act, 2010* (Ontario), including any procurement directive issued thereunder, to the extent applicable.

A5.2 **Disposal.** The Recipient shall sell, lease or otherwise dispose of any asset purchased with the Funds or for which Funds were provided only in accordance with its asset disposal policies and procedures, unless the Province agrees otherwise.

A6.0 CONFLICT OF INTEREST

A6.1 **No Conflict of Interest.** The Recipient will carry out the Project and use the Funds without an actual, potential, or perceived conflict of interest.

A6.2 **Conflict of Interest Includes.** For the purposes of Article A6.0, a conflict of interest includes any circumstances where:

- (a) the Recipient; or
- (b) any person who has the capacity to influence the Recipient's decisions,

has outside commitments, relationships, or financial interests that could, or could be seen to, interfere with the Recipient's objective, unbiased, and impartial judgment relating to the Project, the use of the Funds, or both.

A6.3 Disclosure to Province. The Recipient will:

- (a) disclose to the Province, without delay, any situation that a reasonable person would interpret as an actual, potential, or perceived conflict of interest; and
- (b) comply with any terms and conditions that the Province may prescribe as a result of the disclosure.

A7.0 REPORTS, ACCOUNTING, AND REVIEW

A7.1 Preparation and Submission. The Recipient will:

- (a) submit to the Province at the address referred to in section A17.1, all Reports in accordance with the timelines and content requirements as provided for in Schedules "D" and "F", or in a form as specified by the Province from time to time;
- (b) submit to the Province at the address referred to in section A17.1, any other reports as may be requested by the Province in accordance with the timelines and content requirements specified by the Province;
- (c) ensure that all Reports and other reports are completed to the satisfaction of the Province; and
- (d) ensure that all Reports and other reports are signed on behalf of the Recipient by an authorized signing officer.

A7.2 Record Maintenance. The Recipient will keep and maintain:

- (a) all financial records (including invoices) relating to the Funds or otherwise to the Project in a manner consistent with generally accepted accounting principles; and
- (b) all non-financial documents and records relating to the Funds or otherwise to the Project.

A7.3 Inspection. The Province, any authorized representative, or any independent auditor identified by the Province may, at the Province's expense, upon twenty-four hours' Notice to the Recipient and during normal business hours, enter upon the Recipient's premises to review the progress of the Project and the Recipient's allocation and expenditure of the Funds and, for these purposes,

the Province, any authorized representative, or any independent auditor identified by the Province may take one or more of the following actions:

- (a) inspect and copy the records and documents referred to in section A7.2;
- (b) remove any copies made pursuant to section A7.3(a) from the Recipient's premises; and
- (c) conduct an audit or investigation of the Recipient in respect of the expenditure of the Funds, the Project, or both.

A7.4 **Disclosure.** To assist in respect of the rights provided for in section A7.3, the Recipient will disclose any information requested by the Province, any authorized representatives, or any independent auditor identified by the Province, and will do so in the form requested by the Province, any authorized representative, or any independent auditor identified by the Province, as the case may be.

A7.5 **No Control of Records.** No provision of the Agreement will be construed so as to give the Province any control whatsoever over the Recipient's records.

A7.6 **Auditor General.** The Province's rights under Article A7.0 are in addition to any rights provided to the Auditor General pursuant to section 9.2 of the *Auditor General Act* (Ontario).

A8.0 COMMUNICATIONS REQUIREMENTS

A8.1 **Acknowledge Support.** Unless otherwise directed by the Province, the Recipient will:

- (a) acknowledge the support of the Province for the Project; and
- (b) ensure that the acknowledgement referred to in section A8.1(a) is in a form and manner as directed by the Province.

A8.2 **Publication.** The Recipient will indicate, in any of its Project-related publications, whether written, oral, or visual, that the views expressed in the publication are the views of the Recipient and do not necessarily reflect those of the Province.

A9.0 INDEMNITY

A9.1 **Indemnification.** The Recipient will indemnify and hold harmless the Indemnified Parties from and against any and all liability, loss, costs, damages, and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits, or other proceedings, by whomever made, sustained, incurred, brought, or prosecuted, in any way arising out of or in connection with the Project or otherwise in connection with the Agreement,

unless solely caused by the negligence or wilful misconduct of the Indemnified Parties.

A10.0 INSURANCE

A10.1 Recipient's Insurance. The Recipient represents, warrants, and covenants that it has, and will maintain, at its own cost and expense, with insurers having a secure A.M. Best rating of B+ or greater, or the equivalent, all the necessary and appropriate insurance that a prudent person carrying out a project similar to the Project would maintain, including commercial general liability insurance on an occurrence basis for third party bodily injury, personal injury, and property damage, to an inclusive limit of not less than the amount provided for in Schedule "B" per occurrence. The insurance policy will include the following:

- (a) the Indemnified Parties as additional insureds with respect to liability arising in the course of performance of the Recipient's obligations under, or otherwise in connection with, the Agreement;
- (b) a cross-liability clause;
- (c) contractual liability coverage; and
- (d) a 30-day written notice of cancellation.

A10.2 Proof of Insurance. The Recipient will:

- (a) provide to the Province, either:
 - (i) certificates of insurance that confirm the insurance coverage as provided for in section A10.1; or
 - (ii) other proof that confirms the insurance coverage as provided for in section A10.1; and
- (b) upon the request of the Province, provide to the Province a copy of any insurance policy.

A11.0 TERMINATION ON NOTICE

A11.1 Termination on Notice. The Province may terminate the Agreement at any time without liability, penalty, or costs upon giving at least 30 days' Notice to the Recipient.

A11.2 Consequences of Termination on Notice by the Province. If the Province terminates the Agreement pursuant to section A11.1, the Province may take one or more of the following actions:

- (a) cancel further instalments of Funds;

- (b) demand from the Recipient the payment of any Funds remaining in the possession or under the control of the Recipient; and
- (c) determine the reasonable costs for the Recipient to wind down the Project, and do either or both of the following:
 - (i) permit the Recipient to offset such costs against the amount the Recipient owes pursuant to section A11.2(b); and
 - (ii) subject to section A4.1(a), provide Funds to the Recipient to cover such costs.

A12.0 TERMINATION WHERE NO APPROPRIATION

A12.1 Termination Where No Appropriation. If, as provided for in section A4.2(d), the Province does not receive the necessary appropriation from the Ontario Legislature for any payment the Province is to make pursuant to the Agreement, the Province may terminate the Agreement immediately without liability, penalty, or costs by giving Notice to the Recipient.

A12.2 Consequences of Termination Where No Appropriation. If the Province terminates the Agreement pursuant to section A12.1, the Province may take one or more of the following actions:

- (a) cancel further instalments of Funds;
- (b) demand from the Recipient the payment of any Funds remaining in the possession or under the control of the Recipient; and
- (c) determine the reasonable costs for the Recipient to wind down the Project and permit the Recipient to offset such costs against the amount owing pursuant to section A12.2(b).

A12.3 No Additional Funds. If, pursuant to section A12.2(c), the Province determines that the costs to wind down the Project exceed the Funds remaining in the possession or under the control of the Recipient, the Province will not provide additional Funds to the Recipient.

A13.0 EVENT OF DEFAULT, CORRECTIVE ACTION, AND TERMINATION FOR DEFAULT

A13.1 Events of Default. Each of the following events will constitute an Event of Default:

- (a) in the opinion of the Province, the Recipient breaches any representation, warranty, covenant, or other material term of the Agreement, including failing to do any of the following in accordance with the terms and conditions of the Agreement:

- (i) carry out the Project;
 - (ii) use or spend Funds; or
 - (iii) provide, in accordance with section A7.1, Reports or such other reports as may have been requested pursuant to section A7.1(b);
- (b) the Recipient's operations, its financial condition, or its organizational structure, changes such that it no longer meets one or more of the eligibility requirements of the program under which the Province provides the Funds;
- (c) the Recipient makes an assignment, proposal, compromise, or arrangement for the benefit of creditors, or a creditor makes an application for an order adjudging the Recipient bankrupt, or applies for the appointment of a receiver; or
- (d) the Recipient ceases to operate.

A13.2 Consequences of Events of Default and Corrective Action. If an Event of Default occurs, the Province may, at any time, take one or more of the following actions:

- (a) initiate any action the Province considers necessary in order to facilitate the successful continuation or completion of the Project;
- (b) provide the Recipient with an opportunity to remedy the Event of Default;
- (c) suspend the payment of Funds for such period as the Province determines appropriate;
- (d) reduce the amount of the Funds;
- (e) cancel further instalments of Funds;
- (f) demand from the Recipient the payment of any Funds remaining in the possession or under the control of the Recipient;
- (g) demand from the Recipient the payment of an amount equal to any Funds the Recipient used, but did not use in accordance with the Agreement;
- (h) demand from the Recipient the payment of an amount equal to any Funds the Province provided to the Recipient; and
- (i) terminate the Agreement at any time, including immediately, without liability, penalty or costs to the Province upon giving Notice to the

Recipient.

A13.3 **Opportunity to Remedy.** If, in accordance with section A13.2(b), the Province provides the Recipient with an opportunity to remedy the Event of Default, the Province will give Notice to the Recipient of:

- (a) the particulars of the Event of Default; and
- (b) the Notice Period.

A13.4 **Recipient not Remediating.** If the Province provided the Recipient with an opportunity to remedy the Event of Default pursuant to section A13.2(b), and:

- (a) the Recipient does not remedy the Event of Default within the Notice Period;
- (b) it becomes apparent to the Province that the Recipient cannot completely remedy the Event of Default within the Notice Period; or
- (c) the Recipient is not proceeding to remedy the Event of Default in a way that is satisfactory to the Province,

the Province may extend the Notice Period, or initiate any one or more of the actions provided for in sections A13.2(a), (c), (d), (e), (f), (g), (h), and (i).

A13.5 **When Termination Effective.** Termination under Article will take effect as provided for in the Notice.

A14.0 FUNDS AT THE END OF A FUNDING YEAR

A14.1 **Funds at the End of a Funding Year.** Without limiting any rights of the Province under Article A13.0, if the Recipient has not spent all of the Funds allocated for the Funding Year, the Province may take one or both of the following actions:

- (a) demand from the Recipient payment of the unspent Funds; and
- (b) adjust the amount of any further instalments of Funds accordingly.

A15.0 FUNDS UPON EXPIRY

A15.1 **Funds Upon Expiry.** The Recipient will, upon expiry of the Agreement, pay to the Province any Funds remaining in its possession or under its control.

A16.0 DEBT DUE AND PAYMENT

A16.1 **Payment of Overpayment.** If at any time the Province provides Funds in excess of the amount to which the Recipient is entitled under the Agreement,

the Province may:

- (a) deduct an amount equal to the excess Funds from any further instalments of Funds; or
- (b) demand that the Recipient pay an amount equal to the excess Funds to the Province.

A16.2 **Debt Due.** If, pursuant to the Agreement:

- (a) the Province demands from the Recipient the payment of any Funds or an amount equal to any Funds; or
- (b) the Recipient owes any Funds or an amount equal to any Funds to the Province, whether or not the Province has demanded their payment,

such Funds or other amount will be deemed to be a debt due and owing to the Province by the Recipient, and the Recipient will pay the amount to the Province immediately, unless the Province directs otherwise.

A16.3 **Interest Rate.** The Province may charge the Recipient interest on any money owing by the Recipient at the then current interest rate charged by the Province of Ontario on accounts receivable.

A16.4 **Payment of Money to Province.** The Recipient will pay any money owing to the Province by cheque payable to the “Ontario Minister of Finance” and delivered to the Province as provided for in Schedule “B”.

A16.5 **Fails to Pay.** Without limiting the application of section 43 of the *Financial Administration Act* (Ontario), if the Recipient fails to pay any amount owing under the Agreement, Her Majesty the Queen in right of Ontario may deduct any unpaid amount from any money payable to the Recipient by Her Majesty the Queen in right of Ontario.

A17.0 NOTICE

A17.1 **Notice in Writing and Addressed.** Notice will be in writing and will be delivered by email, postage-prepaid mail, personal delivery, or fax, and will be addressed to the Province and the Recipient respectively as provided for Schedule “B”, or as either Party later designates to the other by Notice.

A17.2 **Notice Given.** Notice will be deemed to have been given:

- (a) in the case of postage-prepaid mail, five Business Days after the Notice is mailed; or
- (b) in the case of email, personal delivery, or fax, one Business Day after the Notice is delivered.

A17.3 **Postal Disruption.** Despite section A17.2(a), in the event of a postal disruption:

- (a) Notice by postage-prepaid mail will not be deemed to be given; and
- (b) the Party giving Notice will give Notice by email, personal delivery, or fax.

A18.0 CONSENT BY PROVINCE AND COMPLIANCE BY RECIPIENT

A18.1 **Consent.** When the Province provides its consent pursuant to the Agreement, it may impose any terms and conditions on such consent and the Recipient will comply with such terms and conditions.

A19.0 SEVERABILITY OF PROVISIONS

A19.1 **Invalidity or Unenforceability of Any Provision.** The invalidity or unenforceability of any provision of the Agreement will not affect the validity or enforceability of any other provision of the Agreement. Any invalid or unenforceable provision will be deemed to be severed.

A20.0 WAIVER

A20.1 **Waiver Request.** Either Party may, in accordance with the Notice provision set out in Article A17.0, ask the other Party to waive an obligation under the Agreement.

A20.2 **Waiver Applies.** Any waiver a Party grants in response to a request made pursuant to section A20.1 will:

- (a) be valid only if the Party granting the waiver provides it in writing; and
- (b) apply only to the specific obligation referred to in the waiver.

A21.0 INDEPENDENT PARTIES

A21.1 **Parties Independent.** The Recipient is not an agent, joint venturer, partner, or employee of the Province, and the Recipient will not represent itself in any way that might be taken by a reasonable person to suggest that it is, or take any actions that could establish or imply such a relationship.

A22.0 ASSIGNMENT OF AGREEMENT OR FUNDS

A22.1 **No Assignment.** The Recipient will not, without the prior written consent of the Province, assign any of its rights or obligations under the Agreement.

A22.2 **Agreement Binding.** All rights and obligations contained in the Agreement will

extend to and be binding on the Parties' respective heirs, executors, administrators, successors, and permitted assigns.

A23.0 GOVERNING LAW

A23.1 **Governing Law.** The Agreement and the rights, obligations, and relations of the Parties will be governed by and construed in accordance with the laws of the Province of Ontario and the applicable federal laws of Canada. Any actions or proceedings arising in connection with the Agreement will be conducted in the courts of Ontario, which will have exclusive jurisdiction over such proceedings.

A24.0 FURTHER ASSURANCES

A24.1 **Agreement into Effect.** The Recipient will provide such further assurances as the Province may request from time to time with respect to any matter to which the Agreement pertains, and will otherwise do or cause to be done all acts or things necessary to implement and carry into effect the terms and conditions of the Agreement to their full extent.

A25.0 JOINT AND SEVERAL LIABILITY

A25.1 **Joint and Several Liability.** Where the Recipient is comprised of more than one entity, all such entities will be jointly and severally liable to the Province for the fulfillment of the obligations of the Recipient under the Agreement.

A26.0 RIGHTS AND REMEDIES CUMULATIVE

A26.1 **Rights and Remedies Cumulative.** The rights and remedies of the Province under the Agreement are cumulative and are in addition to, and not in substitution for, any of its rights and remedies provided by law or in equity.

A27.0 FAILURE TO COMPLY WITH OTHER AGREEMENTS

A27.1 **Other Agreements.** If the Recipient:

- (a) has failed to comply with any term, condition, or obligation under any other agreement with Her Majesty the Queen in right of Ontario or one of Her agencies (a "**Failure**");
- (b) has been provided with notice of such Failure in accordance with the requirements of such other agreement;
- (c) has, if applicable, failed to rectify such Failure in accordance with the requirements of such other agreement; and

(d) such Failure is continuing,

the Province may suspend the payment of Funds for such period as the Province determines appropriate.

A28.0 SURVIVAL

A28.1 Survival. The following Articles and sections, and all applicable cross-referenced sections and schedules, will continue in full force and effect for a period of seven years from the date of expiry or termination of the Agreement: Article 1.0, Article 3.0, Article A1.0 and any other applicable definitions, section A2.1(a), sections A4.2(d), A4.5, section A5.2, section A7.1 (to the extent that the Recipient has not provided the Reports or other reports as may have been requested to the satisfaction of the Province), sections A7.2, A7.3, A7.4, A7.5, A7.6, Article A8.0, Article A9.0, section A11.2, sections A12.2, A12.3, sections A13.1, A13.2(d), (e), (f), (g) and (h), Article A15.0, Article A16.0, Article A17.0, Article A19.0, section A22.2, Article A23.0, Article A25.0, Article A26.0, Article A27.0 and Article A28.0.

- END OF GENERAL TERMS AND CONDITIONS -

SCHEDULE "B"
PROJECT SPECIFIC INFORMATION AND ADDITIONAL PROVISIONS

Maximum Funds	\$3,073,434.60
Expiry Date	December 31, 2020
Insurance	\$5,000,000.00
Contact information for the purposes of Notice to the Province	<p>Name: Ministry of the Solicitor General Public Safety Division, External Relations Branch Program Development Section</p> <p>Address: 25 Grosvenor Street Toronto ON M7A 2H3</p> <p>Attention: Fionne Yip, Community Safety Analyst</p> <p>Fax: 416-314-3092</p> <p>Email: Fionne.Yip@ontario.ca</p>
Contact information for the purposes of Notice to the Recipient and to respond as required to requests from the Province related to the Agreement	<p>Name: The Corporation of the City of London</p> <p>Address: 300 Dufferin Avenue London ON N6A 4L9</p> <p>Attention: Ms. Cathy Saunders City Clerk</p> <p>Email: csaunder@london.ca</p>

Additional Provisions:

None

**SCHEDULE “C”
PROJECT**

The Province implemented the Program in 2012 to assist municipalities in offsetting their costs of providing CSPT services in their jurisdictions.

The Province will upload CSPT costs from municipalities to a maximum of \$125 million in 2020.

The Recipient is responsible for providing the Funds to the London Police Services Board for the costs of providing security for court premises during hours of court operations and security of persons attending court, and/or the costs of transporting prisoners and custodial minors (i.e., persons between twelve and seventeen years of age) between correctional institutions, custodial facilities and court locations for the purposes of court attendance.

For greater clarity, the London Police Services Board is responsible for providing the above noted court security and prisoner transportation services in accordance with subsection 137(1) of the Police Services Act, for which the Recipient has no responsibility. The Recipient’s responsibility is limited to providing the Funds to the London Police Services Board for these services.

SCHEDULE "D"
PAYMENT PLAN AND REPORTING SCHEDULES

The Funds in the amount of **\$3,073,434.60** will be provided to the Recipient according to the following schedule:

- A. First instalment: **\$768,358.65** will be paid to the Recipient once the Recipient has signed the Agreement, provided adequate proof of insurance to the Province in accordance with section A10.2 of the Agreement, and the Agreement has then been signed by the Province.
- B. Second Instalment: **\$768,358.65** will be paid to the Recipient, following the Province's receipt and approval of the 2019 Annual Financial Report (due April 15, 2020). *Subsequent payments will not be released until the Province has received and approved the 2019 Annual Financial Report.*
- C. Third Instalment: **\$768,358.65** will be paid to the Recipient by the end of September 2020.
- D. Final instalment: **\$768,358.65** will be paid to the Recipient by the end of December 2020.
- E. The Recipient must submit the 2020 Annual Financial Report to the Province by April 15, 2021.

**SCHEDULE “E”
COURT SECURITY AND PRISONER TRANSPORTATION
SERVICES AND ACTIVITIES ELIGIBLE FOR FUNDING**

A. COURT SECURITY includes:

1. Facility Perimeter Security

Costs associated with external and/or internal police presence during regular or non-regular hours to secure the perimeter of the facility, to respond to a specific threat or for high-profile matters.

2. Courtroom Security

Costs associated with the presence of police staff in the courtroom to ensure the safety and security of the proceedings and attendees.

3. General Courthouse Security Presence

Costs associated with the use of screening stations to screen all public visitors to the courthouse, including the use of magnetometers and x-ray machines, and police staff assigned to perform roving patrols of the court facility.

4. Prisoner Movement in Courthouse

Costs associated with monitoring the movement of prisoners between holding cells and other areas within the courthouse.

5. Prisoner Guarding in Holding Cells

Costs associated with guarding and monitoring of prisoners brought to court for trial and held in courthouse holding cells (where applicable).

6. Prisoner Feeding

Costs associated with the provision of meals to prisoners required while in the custody of local police services for the purpose of attending court.

B. PRISONER TRANSPORTATION includes:

1. Prisoner Transport

Costs associated with the movement of prisoners between correctional institutions and court locations for the purposes of attending court.

2. Prisoner Transport - Youth

Costs associated with the movement of custodial minors (i.e. 12-17 years old) between correctional and/or custodial facilities and court locations for the purposes of attending court.

*PRISONER includes: Persons being held in custody as a result of provincial or federal offence proceedings, including persons under immigration detention.

C. TRAINING, EQUIPMENT AND RECRUITING includes:

1. Costs associated with training that is relevant to court security and prisoner transportation only.
2. Cost associated with equipment that is unique to the provision of court security and prisoner transportation and does not include equipment that would be utilized for other purposes.
3. Costs associated with recruiting that is relevant to the staffing of court security and prisoner transportation only. Costs may include advertising for applicants, physical fitness and/or psychological testing, applicant screening, interviews or any other related human resources expense.

COURT SECURITY AND PRISONER TRANSPORTATION do NOT include:

Court Administration

Costs associated with performing court administrative duties including the scheduling of staff for daily deployment, the service of legal documents, the preparation/maintenance of Crown Brief materials, the entry of data into court information systems, preparing or swearing/affirming legal documentation, scheduling of court appearances or other duties of a related nature.

SCHEDULE "F" TEMPLATE FOR ANNUAL FINANCIAL REPORT

REPORTING MUNICIPALITY: (please select from drop down list)			
CONTACT INFORMATION:			
Salutation:	First Name:	Last Name:	Title:
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Tel:	Ext:	Fax:	E mail:
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Address:			
<input type="text"/>			
City:		Postal Code:	
<input type="text"/>		<input type="text"/>	
LOCAL POLICE SERVICE:			
Name of Municipal or Regional Police Service or OPP Detachment:			
<input type="text"/>			
ANNUAL EXPENDITURE SUMMARY:			
PLEASE COMPLETE THE FOLLOWING SECTION IN RELATION TO THE COURT SECURITY AND PRISONER TRANSPORTATION SERVICES/ACTIVITIES ELIGIBLE FOR FUNDING LISTED IN SCHEDULE B (ATTACHED).			
For lines b, c, d, g, h, and i, please provide details on a separate page, identifying the name of the municipality/funding source and the amount of funding.			
Allocation:			<input type="text"/>
COURT SECURITY COSTS			
a) Total gross annual court security costs:			<input type="text"/>
b) Total annual payments provided to other municipalities for court security:			<input type="text"/>
c) Total annual payments received from other municipalities for court security:			<input type="text"/>
d) Total annual payments received from other funding sources for court security:			<input type="text"/>
e) Total net annual court security costs (a + b - c - d):			\$0.00
PRISONER TRANSPORTATION COSTS			
f) Total gross annual prisoner transportation costs:			<input type="text"/>
g) Total annual payments provided to other municipalities for prisoner transportation:			<input type="text"/>
h) Total annual payments received from other municipalities for prisoner transportation:			<input type="text"/>
i) Total annual payments received from other funding sources for prisoner transportation:			<input type="text"/>
j) Total net annual prisoner transportation costs (f + g - h - i):			\$0.00
Total Net Annual Court Security and Prisoner Transportation Costs (e + j):			\$0.00
Variance (Allocation - Total Net Annual Costs):			\$0.00
SIGNATURE OF AUTHORIZED OFFICIAL:			
<i>I, hereby certify that the information provided in the Annual Financial Report is true and correct and is in agreement with the books and records of the municipality and its consolidated entities.</i>			
Title:	Print Name:		
<input type="text"/>	<input type="text"/>		
Signature:			Date:
<input type="text"/>	<input type="text"/>		<input type="text"/>

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON FEBRUARY 18, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	SINGLE SOURCE 20-06 ONTARIO WORKS ROYAL BANK OF CANADA RIGHT PAY RELOADABLE PAYMENT CARD PROGRAM AGREEMENT

RECOMMENDATIONS

That on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions **BE TAKEN** with respect to Royal Bank of Canada Right Pay™ Reloadable Payment Card Services for Ontario Works Clients:

- a) That approval hereby **BE GIVEN** to enter into a Single Source contract, Reloadable Payment Card Agency Services for Ontario Works Clients, with the Royal Bank of Canada (RBC), effective up to September 9, 2024;
- b) That the attached proposed By-law (Appendix A) **BE INTRODUCED** at the Municipal Council meeting of March 2, 2020:
 - i. **TO APPROVE** any contract or other documents, if required, in a form or forms required by RBC and The Corporation of the City of London for RBC Right Pay Reloadable Payment Card Services for Ontario Works Clients; and
 - ii. The Mayor and City Clerk **BE AUTHORIZED** to execute any contract in a) above or other documents, if required, in a form or forms acceptable to the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer to give effect to these recommendations.
- c) That Civic Administration **BE AUTHORIZED** to undertake all administrative acts that are necessary in connection with this project, and
- d) The approval hereby given **BE CONDITIONAL** on the Corporation of the City of London entering into a formal contract with RBC, or having purchase orders issued relating to the subject matter of this approval.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Community and Neighbourhoods Committee, meeting on September 27, 2011, agenda item 9 - Reducing the Cost of Cashing Government of Ontario Cheques and Simplifying Access to Mainstream Financial Services:

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=280>

LINK TO 2019-2023 STRATEGIC PLAN

Council's 2019-2023 Strategic Plan for the Corporation of the City of London (the City) identifies 'Leading in Public Service' as a strategic area of focus. The addition of the RBC Right Pay Reloadable Payment Card Program for Ontario Works will improve client experience, improve fiscal responsibility, improve cost efficiency and create service efficiencies contributing to Londoners experiencing exceptional and valued customer service.

BACKGROUND

The Government of Ontario (the Province) is committed to reforming and modernizing social assistance, including frontline service delivery. Individuals on social assistance expect modern, people-focused services that meet their needs for a better, more respectful, experience with more flexibility and greater access to services. By working with staff and listening to participants, the Ministry of Children, Community and Social Services (the Ministry) has developed a strategy for service modernization focused on making necessary policy, process and technology-enabled changes. While the City's participation in the reloadable payment card program is currently voluntary, City Social Services is committed to embracing opportunities that improve the client experience and participating in modernization initiatives focusing on progressive service delivery approaches, including improved technology and access to benefits. The 2020 Ministry priorities identify an expectation for all municipal partners to align with efforts that will increase electronic payments and enable targets to be met (95% electronic payments). Priorities will be monitored and measured as part of quarterly performance reports as well as Service Plan updates and negotiations.

As part of the Social Assistance Modernization Strategy, the Ministry, is implementing a reloadable payment card program for Ontario Works clients. This new electronic method of payment for Ontario Works clients will provide a safer, more efficient option to issue social assistance when clients are unable to open or maintain a bank account as compared to cheques. Direct bank deposit (DBD) will continue to be the preferred method of payment for Ontario Works clients who have an active bank account. Reloadable payment cards will also help clients avoid paying expensive fees to cash their social assistance cheques at alternate financial institutions (i.e. cheque cashing stores). Further, reloadable payment cards offer the following key benefits:

- a) Increase social inclusion as clients will be using a card similar to other bank cards on the market;
- b) Improve client service and accountability by reducing the need to replace lost, stolen or damaged cheques;
- c) Provide enhanced security by using PIN and chip technology and reducing the need to carry cash;
- d) Improve fiscal responsibility and cost efficiency by reducing the use of printed cheques by promoting increased usage of electronic methods of payment; and
- e) Create service efficiencies by reducing staff workload associated with processing and replacing lost/stolen/damaged paper cheques.

Once a reloadable card is issued to the client, social assistance benefit payments are loaded onto the client's payment card. When purchases are made or cash is withdrawn at an automated teller machine (ATM), money is deducted from the card until the balance is zero. Funds continue to be loaded on the same card as long as the client is eligible for social assistance. The reloadable card can be used anywhere RBC VISA prepaid cards are accepted, so purchases can be made online, by phone or at a retail location.

As noted above, DBD will remain the preferred method of payment for Ontario Works clients. In 2019, approximately 82% of City of London Ontario Works client payments were issued by DBD. The provincial target for electronic payments is 95%, which includes DBD and reloadable payment cards. As previously mentioned, this target will be measured and monitored as part of the 2020 Service Plan, specifically within the provincial priority to strengthen program integrity. As part of the priority to strengthen program integrity, the following is included with respect to reloadable payment cards:

The Ministry continues to drive efforts to move clients and vendors to electronic payments. With the introduction of the Reloadable Payment Card (RPC) and electronic payments to third parties (e.g., vendors and landlords) the Ministry will continue to measure delivery partners efforts to transition clients and vendors from cheques to electronic payments (including DBD) (MCCSS, January 2020).

Agreements

The reloadable payment card service is being offered by RBC Right Pay™ Visa Prepaid Card product through RBC to all Ontario Works Delivery Agents. In order to participate in this program, Ontario Works Delivery Agents must:

- a) Execute a Master Client Agreement with RBC to facilitate opening a deposit account and a transactional risk facility (credit) with RBC against the deposit account. The Master Client Agreement sets out the general terms and conditions for all RBC services. It also sets out legal terms for specific services and contains rules of interpretation and defined terms for the services. The customer is bound by this agreement when the customer is enrolled in, authorized or uses a Service provided by RBC. This agreement will allow the City to open a deposit and settlement account in order to facilitate the process of loading funds to a card. This agreement is attached as Appendix A, Schedule 1.
- b) Execute a Delivery Agent Agreement with RBC
This agreement sets out the terms and conditions of the program and is standard for all participating Ontario Works Delivery Agents. This agreement is attached as Appendix A, Schedule 2.
- c) Execute a Statement of Work Agreement with RBC
This agreement sets out the service levels, pricing, fees and implementation timelines. This agreement is attached as Appendix A, Schedule 3.

The agreement with RBC will be effective until September 9, 2024, unless terminated or renewed in accordance with Article 13, of the Delivery Agent Agreement.

Procurement Policy Compliance

The Province has determined the supplier to be RBC. RBC is the Province's vendor of record for banking services. RBC was awarded the Master Banking Agreement pursuant to an open competitive tender process for the provision of master banking services for the Province and its ministries, which included prepaid card services. The Ministry leveraged the Master Banking Agreement for prepaid card services for the Ontario Disability Support Program Reloadable Payment Card program. Subsequently, via a separate agreement between the Ministry and RBC, the solution was expanded to Ontario Works.

Using the Ministry's vendor of record for banking services, RBC's Right Pay™ Visa Prepaid Card product supports card portability and cross-program payments:

- a) The card can transfer between programs (OW, ODSP and Assistance for Children with Severe Disabilities (ACSD)), i.e. when a cardholder transitions from OW to ODSP, they will keep their card;
- b) The card can transfer between participating municipalities for OW i.e. if a OW cardholder moves from London to another participating municipality, they will keep their card; and
- c) The cardholder can receive payments for social assistance from multiple programs on one card, i.e. a cardholder receiving Temporary Care Assistance (TCA) from OW and ODSP from the Ministry can get payment from both programs on their single card.

The Ministry is funding this program as part of the contracted program delivery funding envelope provided for the delivery of the Ontario Works program by the City. This envelope is funded 50% by the Ministry up to the contracted amount.

In accordance with the Municipal Council approved Procurement of Goods and Services Policy, this procurement is categorized as a 'Single Source' as there is more than one source of supply in the open market, however only one source is recommended due to predetermined and approved specifications. The Single Source process under section 14.4 part i) "*another organization is funding or substantially funding the acquisition and has determined the supplier, and the terms and conditions of the commitment into which the City will enter are acceptable to the City*" was applied.

RBC's Right Pay™ Visa Prepaid Card is currently being used by a number of municipalities including; City of Toronto, Region of Peel, Brant County, Wellington County, City of Greater Sudbury, City of Ottawa, Niagara Region, City of Thunder Bay and City of Kawartha Lakes. It is also being used by the Ontario Disability Support Program through the Ministry of Children, Community and Social Services.

The City's bank of record is currently Bank of Nova Scotia, "Scotiabank". The City has obtained consent from Scotiabank to enter into this contract with RBC.

Risk Considerations

A number of risk considerations were identified in the agreements with RBC. Despite Civic Administration's efforts, RBC will not amend the Master Client Agreement and related Statements of Work. This is a one-sided agreement written to shift risk from the RBC to the City. Civic Administration highlights the following articles of the agreement:

- a) Article 1.3, 1.4 - Unauthorized Use and Third Party Use

The City will be responsible and indemnify and hold harmless RBC and its Representatives, for all losses arising out of, or incidental to, the use, including any unauthorized use, of the services or service materials by each person, including all actions or omissions of the person.

- b) Article 2.2 - Fees

This article provides that RBC may change any fees or charges, or add any new fees or charges, at any time.

c) Article 6.8 - Communication Methods

This article provides that RBC may use mail, courier, unencrypted documents, or unencrypted Electronic Channels, including facsimile or email, in connection with the services provided. The City assumes full responsibility for the risks associated with these communication methods.

d) Article 13 - Liability and Disputes

RBC has limited its liability under the agreement to losses caused directly by its negligence or wilful misconduct. RBC will not be responsible for any losses that are indirect, consequential, special, aggravated, punitive or exemplary damages, including lost profits.

The City is agreeing to indemnify and hold harmless RBC from and against any losses, other than losses caused by RBC's negligence or wilful misconduct, in connection with the agreement, the services or any other dealing between RBC and the City.

e) Article 13.3 - Waiver and Release

RBC provides service features which are intended to detect and deter forged, fraudulent or unauthorized instruments. If the City does not implement any of these services or service features, the City is precluded from making any claim against RBC for a forged, fraudulent, or unauthorized instrument that such service or service feature is intended to detect or deter. RBC will not be responsible for losses in these circumstances.

f) Article 13.7 - Notice of Claim

The City must immediately notify RBC, verbally and in writing, of any loss or dispute which it becomes aware of in connection with this agreement or any service.

g) Article 14.3 - Changes to Agreement

RBC may at any time amend, supplement, restate, or otherwise change this Agreement by giving the Customer notice of the change through announcements on Royal Bank's website for the Services or otherwise in accordance with the agreement. If the services are used after the date of the notice of change or effective date of the change, whichever is later, the City will be deemed to have agreed and consented to the change.

While Civic Administration has highlighted the above risks, these risks are tempered by the following considerations:

- a) There is significant regulatory oversight of RBC by the Financial Consumer Agency of Canada (FCAC) and the Office of the Superintendent of Financial Institutions (OSFI). In addition, RBC must adhere to legislative requirements such as the Bank Act and applicable regulations along with common law requirements which afford clients certain protections which are of utmost importance to RBC.
- b) The prepaid processing platform for Ontario Works provides the highest level of security far exceeding the payment card industry data security standards, PCI-DSS. In addition, internal security standards enforce policy and ensure that the level of protection for card data meets and exceeds PCI-DSS requirements.

- c) Ongoing certification, monitoring and enforcement ensure that security standards are continually met. The Web-Services API (application programming interface) includes support for the Transport Layer Security (TLS) and the Secure Sockets Layer (SSL) cryptographic protocols and provides complete, application-to-application encryption using trusted certificates which are renewed on a regular basis. The platform utilizes secure file delivery, where all components of the file transmission process are fully encrypted and no portion is transmitted in the clear or vulnerable to “sniffing.” RBC utilizes two way SSL for server and client authentication and TLS 1.2 between RBC and the Ministry.

Other municipalities, such as Region of Waterloo, experienced similar resistance from RBC to make any changes to the Master Client and related agreements. As mentioned, the RBC Right Pay™ card is portable, from region to region, and therefore the agreement is standard for all public sector clients.

Financial Impact

Funding for the RBC Right Pay™ Reloadable Payment Card services is supported by the base budget for Social and Community Support Services in the 2020-2023 Multi-Year Draft Budget, as tabled on December 17, 2019, and subject to Council approval of the 2020-2023 Multi-Year Budget on March 2, 2020. The expenditures are partially offset by provincial subsidy. The number of cards issued will be limited to the amount of budget and provincial subsidy available for this program.

To accommodate available funding, financial processes and program considerations, City of London Social Services will implement a phased in approach to transition clients from receiving benefit payments by cheques to reloadable payment cards. The transition will include reviewing the option of DBD for clients currently receiving benefits by cheque prior to issuing a reloadable payment card. This transition will occur in stages, by decentralized site with consideration to client circumstances. With a 95% target set for electronic payments, it is expected that approximately 5% of payments will continue to be issued by cheque when DBD and reloadable payment cards are not suitable options for clients.

In 2019, the City issued an average of 13,700 payments for social assistance per month; 2,500 (18%) by cheques and 11,200 (82%) by direct bank deposit. With the phased-in approach, it is expected to transition up to 375 clients in 2020 and in future years an upper range of 1,815 clients is projected. The estimated cost to implement and administer this program is in the range of \$12,000 - \$62,000 annually, depending on the number of clients utilizing the card, noting that these costs will be offset by provincial subsidy up to a maximum of 50%.

The costs are based on per card fees as follows:

- \$16 per registered card for client (one-time fee and includes initial load fee)
- \$5 per replacement card issued
- \$2 monthly load fee per active card

CONCLUSION

As part of the Social Assistance Modernization Strategy, the Ministry of Children, Community and Social Services is implementing a reloadable payment card program for Ontario Works clients. The reloadable payment card service is being offered by RBC Right Pay™ Visa Prepaid Card product through RBC. In order to participate in this program, which will provide an opportunity to improve the client experience and align with Ministry efforts to increase electronic payments, noting risks identified, the City is required to execute the Master Client Agreement, Delivery Agent Agreement and Statement of Work Agreement with RBC.

PREPARED BY:	REVIEWED BY:
ANNETTE RIPEPI, CPA, CA FINANCIAL BUSINESS ADMINISTRATOR	BRYAN BAAR, CPA, CA SENIOR FINANCIAL BUSINESS ADMINISTRATOR
CONCURRED BY:	RECOMMENDED BY:
IAN B. COLLINS, CPA, CMA DIRECTOR, FINANCIAL SERVICES	ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

Attach.

Cc: Sandra Datars Bere - Managing Director, Housing, Social Services and Dearness Home
 Kevin Dickins - Manager, Employment and Income Supports
 Kyle Murray - Director, Financial Planning & Business Support
 Elaine Sauve- Program Supervisor, Ministry of Community and Social Services
 Sharon Swance - Manager of Accounting

Appendix A

Bill No.

By-law No.

A By-law to approve the Agreement between the Royal Bank of Canada and The Corporation of the City of London.

WHEREAS subsection 5(3) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 8 of the *Municipal Act, 2001* provides that powers of a municipality shall be interpreted broadly so as to confer broad authority on a municipality to govern its affairs as it considers appropriate and to enhance the municipality's ability to respond to issues;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001* provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS the Corporation of the City of London is a delivery agent designated by the Minister of Community and Social Services to administer the *Ontario Works Act, 1997*;

AND WHEREAS the Ministry, as part of the Social Assistance Modernization Strategy, has implemented a reloadable payment card program for Ontario Works clients;

AND WHEREAS it is deemed expedient for The Corporation of the City of London to enter into an agreement with the Royal Bank of Canada;

AND WHEREAS it is appropriate to authorize the Mayor and City Clerk to execute the agreement on behalf of the City;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Master Services Agreement, the RBC Right Pay Reloadable Payment Card Program Delivery Agent Agreement, and Statement of Work Pursuant to the RBC Right Pay Reloadable Payment Card Program Delivery Agent Agreement (the "Agreement") attached as Schedule 1, 2, and 3 respectively, is hereby authorized and approved.
2. The Mayor and City Clerk are authorized to execute the Agreement authorized and approved under section 1 of this by-law.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council , 2020

Ed Holder
Mayor

Cathy Saunders
City Clerk

First Reading –
Second Reading –
Third Reading –

Master Client Agreement

For business clients

Legal terms and conditions

RBC Royal Bank



INTRODUCTION

These Legal Terms and Conditions form part of the Master Client Agreement between Royal Bank and the Customer. The Agreement is in parts, and each part is incorporated into the others.

These Legal Terms and Conditions govern the use of Services, and contain:

Part A – general terms applicable to all Services;

Part B – additional legal terms for specific Services; and

Part C – glossary containing rules of interpretation and defined terms.

The Customer is bound by the Agreement when the Customer enters the Agreement or when the Customer is enrolled in, authorized for, or uses a Service.

PART A – GENERAL TERMS

1. General Services

1.1 Use in Compliance with Agreement. The Customer will comply with the terms and conditions of this Agreement, including applicable Service Materials, in connection with each Service used by or on behalf of the Customer.

1.2 Enrolment. In order to use any Service, the Customer must satisfy Royal Bank's eligibility requirements for the Service and provide Royal Bank all enrolment information, forms, schedules, and other Documents (each, a "Schedule") it requests, in form and substance satisfactory to Royal Bank. Each Schedule is deemed to be incorporated in this Agreement immediately when given effect by Royal Bank, without any other action required by Royal Bank, the Customer, or any other Person. Royal Bank is under no obligation to provide any Service to the Customer, and Royal Bank's records are conclusive as to the Services being provided to the Customer at any given time.

1.3 Authorized Persons Only. The Customer represents, warrants, covenants, and agrees that each of the Services and Security Devices will only be used by Persons properly authorized on its behalf for such purpose. Unless otherwise specified in an Authorization Form, the Customer represents, warrants, covenants, and agrees that each such Person: (i) has the power and authority to exercise all rights, powers, and authorities in connection with this Agreement and each of the Services, including to incur liabilities and obligations and otherwise conduct and transact any business whatsoever on the Customer's behalf, and to delegate any of these rights, powers, and authorities to any other Person; (ii) may be provided Security Devices and other Service Materials; and (iii) will comply with this Agreement and any other Document relating to the Services. The Customer is responsible, and will indemnify and hold harmless Royal Bank and its Representatives, for all Losses arising out of, or incidental to, the use, including

any unauthorized use, of the Services or Service Materials by each such Person, including all actions or omissions of the Person. The Customer further confirms that each Person who exercises or delegates any rights, powers, or authorities for the Services through an Electronic Channel is authorized to do so, including acting alone if required for a Service, notwithstanding anything to the contrary which may be specified in an Authorization Form. The Customer will provide Royal Bank with at least thirty (30) days' prior written notice of any change to a Person or a Person's authority specified in an Authorization Form. The change will only be effective once it is implemented by Royal Bank. Royal Bank may, in its discretion, with or without prior notice, accept, reject, or terminate any Person's use of a Service or Document at any time.

1.4 No Third Party Use. No Service may be used, directly or indirectly, by, for, or on behalf of any Person other than the Customer, unless otherwise agreed in writing by Royal Bank. Where Royal Bank has agreed in writing to the use of a Service by, for, or on behalf of another Person, the Customer will provide Royal Bank any Document it requests, in form and substance satisfactory to Royal Bank. For these purposes, the Customer represents, warrants, covenants, and agrees that the Customer: (i) has the power and authority to exercise all rights, powers, and authorities to act on behalf of the Person in connection with each of the Services, including to incur liabilities and obligations and otherwise conduct and transact any business whatsoever on the other Person's behalf, and to delegate any of these rights, powers, and authorities to any other Person; (ii) may be provided the other Person's Security Devices and other Service Materials; and (iii) will comply with this Agreement and any other Document relating to the Services. The Customer is responsible, and will indemnify and hold harmless Royal Bank and its Representatives, for all Losses arising out of, or incidental to, the use, including any unauthorized use, of the Services or Service Materials by, for, or on behalf of any other Person, including all actions or omissions of the Customer or other Person. The Customer further confirms that it is authorized to exercise and delegate all rights, powers, or authorities for the Services through an Electronic Channel, including acting alone if required for a Service, notwithstanding anything to the contrary which may be specified in an Authorization Form. Royal Bank may, in its discretion, with or without prior notice, accept, reject, or terminate the use of a Service or Document for this purpose at any time, including if the Customer or other Person ceases to be a Royal Bank client.

1.5 No Improper Use. No Service may be used for, or in connection with, any fraudulent, unlawful, dishonest, or other activity unsatisfactory to Royal Bank, including for any malicious or defamatory purpose, and nothing will be done which could undermine the security, integrity, effectiveness, goodwill, or connectivity of any Service, including any activity that could threaten or cause harm to Royal Bank or any other Person.

1.6 Notice of Unauthorized Use. The Customer will immediately notify Royal Bank, verbally and in writing, if any Service Materials are lost or stolen or if there is any unusual, suspicious, actual or suspected fraudulent or other unauthorized use in relation to a Service, including if: (i) any unauthorized Person has had, or may have, access to any Service, Security Device or other Service Materials, Document, or Electronic Channel; or (ii) any Service, Security Device or other Service Materials, Document, or Electronic Channel has been, or may be, used in a manner contrary to this Agreement. The provision of notice as outlined above will be in accordance with any instructions provided by Royal Bank, and will not affect any good faith actions or omissions by Royal Bank prior to or after receipt of such notice.

1.7 Monitoring; Restrictions, etc. Royal Bank may, without prior notice, monitor and examine all aspects of the use of Services. Royal Bank may, without obligation or prior notice, immediately take any action that it deems necessary or appropriate in connection with any Service, including to restrict access to, freeze, or suspend any Service, or decline, freeze, retain, reverse, return, or otherwise refuse to act on, honour, or process any Document or related transaction. Royal Bank may notify and provide data and information to any Regulatory Authority regarding the foregoing. Royal Bank will not be liable to the Customer or any other Person for any action taken or not taken by Royal Bank in connection with the foregoing.

1.8 Set-off. Royal Bank may, at any time, and without notice, apply any credit balance (whether due or not) in any Account, or in any other account in the Customer's name or to which the Customer is beneficially entitled, maintained at any branch or agency of Royal Bank inside or outside Canada, towards the payment of any obligation (including any contingent obligation) of the Customer to Royal Bank whether in the same or other currency. Royal Bank may use all or any part of any such credit balance to buy any currencies that may be necessary to effect that application. This right of set-off is in addition to, and in no way derogates from, Royal Bank's rights of consolidation and set-off under Applicable Laws.

1.9 Subcontractors. Royal Bank may subcontract the performance of the Services, in whole or in part, to any other Person, provided that Royal Bank shall remain responsible for the Services in accordance with this Agreement.

2. Fees and Charges

2.1 Payment Obligation. The Customer will pay Royal Bank's standard fees and charges applicable to the Services when they are due, unless otherwise agreed in writing by Royal Bank, together with applicable taxes. All fees and charges are expressed exclusive of sales tax, deductions and withholdings. The amount of any sales tax will be charged by Royal Bank and will be payable by the Customer to Royal Bank in addition to the fees and charges expressed. If any deductions or withholdings are payable,

the fees and charges may be increased by the amount of such deductions or withholdings.

2.2 Changes. Subject to compliance with Applicable Laws, Royal Bank may change any fees or charges, or add new fees or charges, at any time.

2.3 Other Obligations. The Customer is responsible for the payment of any fees, charges, taxes, or other amounts owing to other Persons in connection with the Services.

2.4 Payment Method. Royal Bank may debit any Account to collect fees, charges, taxes, and other amounts owing in connection with the Services. Royal Bank may also debit any account held by the Customer at another financial institution, provided that the Customer will execute and provide Royal Bank a pre-authorized debit agreement or any other Document requested by Royal Bank for such purpose, in form and substance satisfactory to Royal Bank. Royal Bank and other Persons, including intermediaries and beneficiaries' financial institutions, may also deduct applicable fees and charges from the amount of an Instrument. Unless otherwise agreed in writing by Royal Bank, payment must be made in money which is legal tender at the time of payment.

3. Information

3.1 Accuracy of Information. The Customer is responsible for the accuracy and completeness of all information provided to Royal Bank, and Royal Bank is authorized and directed to rely on such information. Royal Bank is under no duty to detect any inaccurate, inconsistent or incomplete information provided to it in connection with any Service. If necessary to give effect to instructions for a Service, Royal Bank may change the information provided to it, including names and account numbers. If Royal Bank receives a request to reverse or change previously given instructions and this request is not received within the times prescribed by Royal Bank, Royal Bank is under no obligation to implement the reversal or change.

3.2 Statement Verification. The Customer is responsible for verifying the completeness and correctness of each statement provided by Royal Bank. If a statement is not received or cannot be accessed within ten (10) days of the applicable statement date, the Customer will notify Royal Bank within five (5) days. The Customer is responsible for notifying Royal Bank of any errors in, or omissions from, each statement within forty-five (45) days of each statement date. At the end of the forty-fifth (45th) day following each statement date, the statement prepared by Royal Bank will be deemed correct and will be conclusive evidence that all entries and balances contained in it are correct, provided that this will not apply with respect to any errors or omissions of which Royal Bank is notified as outlined above, amounts credited in error, or any other amounts that Royal Bank may debit pursuant to this Agreement. The notification periods in this Agreement commence on the applicable statement date, regardless of the means of

delivery of the statement or whether or not the Customer receives the statement.

3.3 Intraday. Intraday or same day information available using the Services is subject to change, and must be subsequently verified by the Customer.

3.4 Record Keeping. Each party will retain copies of all records relating to the Services in the manner and for the minimum time periods required by Applicable Laws. Royal Bank's records will, in the absence of manifest error, constitute conclusive evidence of their contents.

3.5 Functionality and Features. Not all of the same functionality or features may be accessible or available at all times for all Services or Electronic Channels.

4. Instruments

4.1 Instruments. All Instruments must comply with Applicable Laws and any other specifications provided by Royal Bank. Royal Bank may present and deliver Instruments for payment, clearing, collection, acceptance or otherwise through any financial institution or other Person, and in any manner, as it deems appropriate. Royal Bank may also accept and deliver any form of settlement or payment for any Instrument as it deems appropriate. Instruments are subject to the Applicable Laws of each jurisdiction in which they are processed, including any intermediary jurisdiction in which they are processed through, and the Customer is responsible to ensure all Instruments comply with such Applicable Laws. Royal Bank is not responsible for any Losses relating to an Instrument which contravenes Applicable Laws.

4.2 Clearing Rules. The Customer will comply with all CPA Rules and NACHA Rules applicable to the Services. The Customer is responsible for ensuring that it has obtained and put in place all Documents required under CPA Rules and NACHA Rules in connection with the Services and the services it provides to its clients that relate to the Services, and the Customer is responsible for all Losses which may be imposed under CPA Rules or NACHA Rules if it fails to obtain or put in place the Documents. In addition, the Customer agrees that: (i) each Instrument drawn on or payable by it or payable through an Account will comply with all applicable by-laws, rules and procedures of each clearing and settlement system and network in which the Customer and Royal Bank participate in connection with the Services, including those relating to the clearing and settlement of Instruments; and (ii) it will not act in a manner that would cause Royal Bank to be in breach of any such by-laws, rules or procedures.

4.3 Verification of Authenticity, etc. The Customer is responsible for the verification of the authenticity and validity of all Instruments deposited to and drawn on the Accounts. If an Instrument should not be paid, the Customer will ensure Royal Bank is provided instructions not to pay the Instrument within the timelines prescribed by Royal Bank. Instruments returned beyond the timelines prescribed by

Applicable Laws or Royal Bank will be handled by Royal Bank on a collection basis only, and at the sole liability and responsibility of the Customer. Unless otherwise agreed in writing by Royal Bank, Royal Bank shall have no duty, responsibility, or obligation to review, examine, or confirm the beneficiary or payee name, endorsement, signature, amount, or other information appearing on any Instrument. The Customer will immediately provide Royal Bank with any endorsements or signatures on Royal Bank's request.

4.4 Royal Bank Discretion. Royal Bank may, in its discretion, refuse a deposit to an Account, or refuse to process any Document, for any reason in accordance with its policies, procedures, or guidelines, including if the Document exceeds processing volumes established by Royal Bank.

4.5 Chargeback. Royal Bank may debit any Account for any amount that Royal Bank determines, in its discretion, was credited to the Account, or otherwise paid to or on behalf of the Customer, as a result of an error or any Instrument which may be forged, fraudulent, or unauthorized in any way, including as a result of a material alteration or any forged, fraudulent, unauthorized, missing, or incomplete endorsement or signature, or for which Royal Bank is unable to receive irrevocable settlement or payment, in each case together with all associated Losses. This will include the amount of an Instrument payable to another Person and which is missing endorsements, or which has forged, fraudulent, or unauthorized endorsements, or the amount of an Instrument to which any Person party thereto is bankrupt or insolvent. This will also include any Instrument which is dishonoured, unpaid, or paid and subsequently returned. The Customer agrees to immediately repay any overdraft caused by such debit, together with interest, in accordance with this Agreement. Royal Bank may make any other adjustments to an Account to give effect to the foregoing.

4.6 Waiver of Presentation, etc. The Customer waives presentment for payment, notice of dishonour, protest, and notice of protest of any Instrument. The Customer will be liable to Royal Bank on any Instrument as if it had been duly presented for payment and protested and notice of dishonour and protest given to all Persons party to it as provided by Applicable Laws.

4.7 Assignment of Claims. Royal Bank may take any steps or proceedings with respect to any Instrument deposited or discounted with Royal Bank as it deems appropriate, either in its own name or in the Customer's name. For this purpose, the Customer assigns to Royal Bank all of the Customer's claims against each Person party to any such Instrument.

4.8 Authority to Pay Instruments. In the same manner as in the case of an ordinary cheque, Royal Bank may pay and debit an Account of the Customer in the amount of every Instrument that is payable by the Customer at Royal Bank and that is presented for payment to Royal Bank.

4.9 Cut-off Times. Royal Bank may prescribe cut-off times for receiving Instruments or other Documents for processing. Royal Bank may, in its discretion, use reasonable efforts to process an Instrument or other Document even if it is received after the prescribed cut-off time, provided that Royal Bank will not be responsible for any failure to process such Instrument or other Document. The Customer discharges Royal Bank from, and will indemnify and hold harmless Royal Bank for, any Losses resulting from the processing of, or failure to process, such Instrument or other Document.

4.10 Finality. Once Instruments or other Documents are received by Royal Bank, Royal Bank is under no obligation to reverse or change the Instrument or other Document. Royal Bank may, in its discretion, use reasonable efforts to implement a requested reversal or change, provided that Royal Bank will not be responsible for any failure to do so. The Customer discharges Royal Bank from, and will indemnify and hold harmless Royal Bank for, any Losses resulting from the implementation of, or the failure to implement, such reversal or change.

4.11 Limits. Royal Bank may establish one or more limits (dollar amounts or otherwise) for any Services or Instruments drawn on the Accounts, and the Customer will adhere to these limits. Royal Bank may at any time, in its discretion, without notice, change these limits for any reason, including in order to process any Instrument which would have exceeded a limit.

4.12 Available Funds. Notwithstanding any prior course of conduct, Royal Bank will have no obligation to process, and Royal Bank may at any time in its discretion refuse to process, any Instrument unless: (i) the Instrument is within any limits established by Royal Bank; and (ii) there are sufficient limits or funds available in the applicable Account at the time the instructions are submitted to Royal Bank. Funds may be debited from an Account at the time the instructions are submitted to Royal Bank for the Instrument, even if the Instrument is future-dated, except where otherwise agreed in writing by Royal Bank. Once funds are debited from an Account, the funds will be held by Royal Bank until the earlier of the date the Instrument is processed or termination of an applicable Service, and the funds will not earn interest during this hold period. If an applicable Service is terminated, any future-dated Instruments may be cancelled by Royal Bank and any funds held by Royal Bank for cancelled future-dated Instruments will be returned to the Customer.

4.13 Foreign Exchange Risk. If an Instrument or transaction requires conversion of funds from one currency to another currency, unless otherwise agreed in writing by Royal Bank, Royal Bank may convert the Instrument or funds to the applicable currency at the applicable currency conversion rate established for such purpose by Royal Bank in its discretion. Royal Bank may debit any Account for the funds required for the conversion, and for any related fees and

charges. Royal Bank will not be responsible for any Losses relating to foreign currency conversions, including those resulting from a change to Royal Bank's currency conversion rates between the date an Instrument is converted by Royal Bank and the date the Instrument is delivered, received, processed, or returned. The Customer is solely responsible for any Losses relating to foreign currency conversions in connection with any Services, including those resulting from a change to Royal Bank's currency conversion rates and any loss in the value or amount of an Instrument due to an adverse change to such rates.

4.14 Account and Transit Numbers. If a Document specifies an account number for the beneficiary or transit number for the beneficiary's financial institution, Royal Bank may rely on the account or transit number for the purpose of processing the Document. If Royal Bank makes funds available relying on the specified account or transit number, Royal Bank will have satisfied its obligations to process the Document even if the account or transit number identifies a Person different from the intended beneficiary or beneficiary named in the Document. Royal Bank is under no duty to detect any such inconsistency, and Royal Bank will not be responsible for any Losses resulting from any such inconsistency.

4.15 Format. Digital images or electronic representations of Instruments (including copies of same) may be made or captured and used as if it were the original paper Instrument, including in the exchange and clearing of payments in Canada and other jurisdictions. Original paper Instruments may be destroyed and not returned to the Customer. Royal Bank is entitled to act on any such image or representation for all purposes as if it were an original paper Instrument. Royal Bank and other financial institutions may reject any Instrument that does not comply with their respective policies, procedures, or guidelines or Applicable Laws. If Instruments are printed by a vendor that is not approved by Royal Bank, or security features are used or an Instrument is made out in a manner that causes critical data to disappear or be obscured on imaging or truncation (being the act of taking an electronic image of an Instrument and destroying the original paper Instrument), then the Customer is responsible for any associated Losses. Copies of images of Instruments (including digital or electronic representations) may be provided to the Customer before they are posted to an Account or Royal Bank has determined whether the Instrument will be honoured or accepted. Such copies of images of Instruments are made available by Royal Bank as a Service to the Customer, and the provision of copies of images of Instruments does not mean that a transaction has been processed or in any way obliges Royal Bank to honour or accept the Instruments. Royal Bank will not be required to ensure that copies of images of Instruments can be made available to the Customer or any other Person for longer than seven (7) years following the date of the statement of Account on which the Instrument appears.

4.16 Other Financial Institutions and Beneficiaries. The beneficiary of an Instrument may not receive the funds on the date the funds are debited from the applicable Account, or otherwise on the date the Customer instructs. Except as otherwise expressly agreed by Royal Bank in this Agreement with respect to Royal Bank's Representatives, Royal Bank is not responsible for the actions or omissions of any other Person, including beneficiaries or other financial institutions sending, receiving, or processing Instruments or other Documents in connection with the Services, or for any Losses arising out of, or incidental to, any of the foregoing. The Customer is responsible for notifying applicable Persons when a Document is sent, and of the delivery methods used to send the Document. The Customer is responsible for confirming each Document is accessed, sent, received, accepted, and processed as intended. Other Persons may set limits, requirements, and restrictions on the sending, receiving, or processing of the Document, including on the amount, currency, or legitimacy of the Document, and the Customer is responsible for adherence to such limits, requirements, and restrictions.

5. Other Products or Services

5.1 OPS. This Agreement is in addition to any agreement or other Document governing OPS. Where the Services include access to and use of OPS, including other bank accounts, investments, or loans, the Customer will comply with the terms and conditions of this Agreement and such other Document in connection with the access to and use of the OPS. If the Customer accesses or uses any OPS provided to, or owned by, any other Person, the Customer confirms that: (i) it has obtained any necessary consents and approvals of the other Person; (ii) it has the requisite power and authority for access to and use of the other Person's OPS; and (iii) its access and use of the other Person's OPS is permitted by, and in accordance with, Applicable Laws.

5.2 Authorization. Royal Bank is authorized and directed to do all things necessary to provide the Customer with access to and use of the OPS, including for Royal Bank to retrieve, consolidate, organize, and present information and other Documents to and from the Person providing the OPS. This may include Royal Bank using the Security Devices provided to it for the access to, and use of, the OPS. The Customer confirms that it has the right to give Royal Bank this authorization and direction.

5.3 Non-Reliance. The Customer will access and use the OPS directly from the Person providing them on a regular basis, using the Person's website or otherwise, to review and verify the accuracy of all Documents relating to the OPS.

5.4 Liability. Royal Bank is not responsible for the access to or use of any OPS, including any Losses caused by any action or omission of the Person providing the OPS. Royal Bank is not responsible for the timeliness, completeness or accuracy of any information or other Documents provided to or from the Person providing the OPS. Royal Bank does

not make any representations or warranties with respect to the quality of OPS provided by any other Person, or the other Person's reputation, credit rating, solvency, or privacy or security standards. The Customer will indemnify and hold harmless Royal Bank for any Losses resulting from its access to or use of the OPS, including any OPS provided to, or owned by, any other Person.

5.5 Change or Termination. Royal Bank may, at any time, without notice, change or terminate the available access to or use of any OPS.

6. Security and Electronic Banking

6.1 Security. The Customer will at all times have in place prudent measures to ensure the security and confidentiality of the Services, Confidential Information, Electronic Channels, and Documents, including measures to detect and prevent Disabling Codes. The Customer will immediately notify Royal Bank in writing upon discovery of any security incident, including actual or suspected loss or unauthorized disclosure of Royal Bank's Confidential Information.

6.2 Royal Bank's Procedures, etc. The Customer will comply with all security procedures, standards, and other requirements prescribed by Royal Bank and will notify Royal Bank immediately of any failure or inability to do so. The Customer will take any other steps reasonably necessary, including the maintenance of encryption standards, to protect against and prevent any threats, hazards, and unauthorized access to or use of the Services, Confidential Information, Electronic Channels, and Documents.

6.3 Security Devices. The Customer is responsible for maintaining the security and confidentiality of all Security Devices and Royal Bank's Confidential Information which may be used in connection with the Services. The Customer is responsible for ensuring that Security Devices will only be provided to and used by Persons properly authorized on its behalf for such purpose in connection with the Services. The Customer will be bound by any use, including any actions or omissions resulting from the use, of any Security Device in connection with the Services, including any Document accessed, sent, received, accepted, or processed using an Electronic Channel. The Customer recognizes that possession of a Security Device by a Person may result in the Person having access to, and being able to use, the Services and Confidential Information. The use of a Security Device in connection with any Service or Document is deemed to be conclusive proof that such use and Document is authorized by, and enforceable against, the Customer.

6.4 Security Audits and Testing. Royal Bank and its Representatives may conduct periodic audits and tests of any Services and Electronic Channels used by Royal Bank, the Customer, and otherwise in connection with any Services, including to investigate any technical difficulties, security incidents, or deficiencies, or any actual or potential breach of security. Any Services or Electronic Channels may

be temporarily unavailable during such audits and tests. The Customer will cooperate in connection with such audits and tests.

6.5 Customer's Responsibility: Internal Procedures re Instruments and Accounts. The Customer will at all times have in place commercially reasonable procedures designed to prevent and detect losses due to forged or unauthorized signatures, fraud or theft in relation to Accounts, Services, Instruments or other Documents.

6.6 Web Links. Where there are links from Royal Bank's websites to any other Person's website, Royal Bank does not make any representations about, does not endorse, and is not responsible for any Losses relating to, the other Person or the other Person's website, website content, products, services, privacy policies, procedures, guidelines, or practices.

6.7 Binding Effect. If Royal Bank receives any Document from or in the name of, or purporting to be from or in the name of, the Customer or any Person on the Customer's behalf, then the Document will be considered duly authorized by, binding on, and enforceable against, the Customer. Royal Bank is authorized to rely and act on the Document even if it differs in any way from any previous Document sent to Royal Bank. Royal Bank is also authorized to rely and act on any signature appearing on a Document that is, or purports to be, a signature of the Customer or any Person on the Customer's behalf, including any signature affixed by mechanical, electronic, or other non-manual means, as being valid, authorized by, and binding on, the Customer.

6.8 Communication Methods. Mail, courier, unencrypted Documents, or unencrypted Electronic Channels, including facsimile or email, may be used in connection with the Services, including for the delivery of Service Materials and Documents, including Instruments and information relating to Instruments to and from the beneficiary of the Instrument, intermediaries, the beneficiary's financial institution, or any other Person designated by the Customer or a beneficiary, as applicable. This information may include the Customer's Confidential Information, personal information, and other information relating to Instruments, including payor and payee names, payment amounts, account numbers, and details for the disposition of payments, and related goods or services. The Customer is responsible for advising all applicable Persons of the delivery methods which may be used in connection with the Services. The Customer assumes full responsibility for the risks associated with the communication methods used in connection with the Services, including the risks that the use of mail, courier, unencrypted Documents, or unencrypted Electronic Channels is not secure, reliable, private, or confidential, and any Security Device or Document accessed, sent, received, accepted, or processed using any of these communication methods is subject to interception, loss, or alteration, and may not be received by the intended recipient in a timely manner or at all.

6.9 Electronic Communication. All communication between any of Royal Bank, the Customer, and any other Person in connection with the Services, whether through an Electronic Channel or otherwise, will take place in accordance with this Agreement. A Document, including any Instrument, which is accessed, sent, received, accepted, or processed through an Electronic Channel shall have the same legal effect as if in written paper form signed by the Customer, and will constitute a “writing” for the purposes of Applicable Laws. The Customer waives any right to raise a defence or waiver of liability on the basis that a Document was accessed, sent, received, accepted, or processed through an Electronic Channel, including on the basis that it was not “in writing” or was not signed or delivered. All Documents provided by an Electronic Channel must be in a format which can be retained by Royal Bank. The Customer will keep the originals of all Documents transmitted to Royal Bank by facsimile or using any other Electronic Channel, and will produce them to Royal Bank on request.

6.10 Electronic Imaging. Royal Bank may convert paper records of this Agreement and all other Documents delivered to Royal Bank into electronic images, as part of Royal Bank’s normal business practices. Each such electronic image shall be considered an authoritative copy of the paper Document, and shall be legally binding on the parties and admissible in any legal, administrative, or other proceeding as conclusive evidence of the contents of such Document in the same manner as the original paper Document.

6.11 Electronic Evidence. Electronic records, information, or other Documents maintained by Royal Bank in electronic form will be admissible in any legal, administrative, or other proceedings as conclusive evidence of the contents of those records, information, or other Documents in the same manner as an original paper Document. The Customer waives any right to object to the introduction of any such records, information, or other Documents into evidence on that basis.

7. Additional Representations, Warranties, and Covenants

7.1 Ongoing Representations, etc. Each time a Service is used, the Customer implicitly represents, warrants, covenants, and agrees that: (i) this Agreement is and remains in full force and effect as a binding and enforceable agreement between Royal Bank and the Customer; (ii) the Customer, each of its Documents, and each use of the Services complies with this Agreement, Applicable Laws, its constating documents, and any by-laws, resolutions, or other applicable obligations; (iii) the Customer, each of its Documents, and each use of the Services complies with Royal Bank’s policies, procedures, and guidelines which may be more rigorous than Applicable Laws, to the extent the Customer has notice of such policies, procedures, and guidelines; (iv) it has all licences, authorizations,

consents, and approvals required under Applicable Laws, its constating documents, and any by-laws, resolutions, or other applicable obligations, including to enter into and perform its obligations under this Agreement, each of its Documents, and in connection with each use of the Services; (v) the entering into and performance of this Agreement, each of its Documents, and each use of the Services are within its powers, have been duly authorized by all necessary actions, and do not and will not conflict with any Applicable Laws, its constating documents, or any by-laws, resolutions, or other applicable obligations; (vi) the Customer and each Person using a Service on the Customer’s behalf, including each Person specified in an Authorization Form and the Person’s delegates, possess the necessary signing authority and other power and authority to bind the Customer or other Person if the Services are being used by, for, or on behalf of the other Person in accordance with Section 1.4; (vii) the Customer is a sole proprietor, corporation, partnership, association, society, lodge, municipality, or other legal entity duly organized, validly existing, duly qualified, and in good standing under Applicable Laws, including in the jurisdiction of its organization and in each jurisdiction where the Customer carries on business; (viii) any business name or trade name identified in this Agreement is solely owned by the Customer, and the Customer has all necessary rights, powers, and authorities for any use of a business name or trade name in connection with the Services; and (ix) all information in this Agreement and any other Document provided to Royal Bank from time to time in connection with this Agreement or the Services is and will continue to be true, complete, and accurate in all respects, and the Customer will provide Royal Bank with at least thirty (30) days prior written notice of any change to such information, including notice of any change to any Authorization Form, the business or services provided by the Customer, or any breach of the Customer’s representations, warranties, covenants, agreements, or other terms of this Agreement.

7.2 No Representations, Warranties, or Conditions by Royal Bank. Except as expressly provided in this Agreement, Royal Bank disclaims all representations, warranties, and conditions of any kind, including any oral, implied, statutory, or other representations, warranties and conditions, and including warranties relating to quality, performance, infringement, merchantability, and fitness for a particular use or purpose. Royal Bank does not warrant that any Service will operate error free or without Disabling Codes or interruption.

8. Anti-Money Laundering and Anti-Terrorist Financing

8.1 General. Each time a Service is used, the Customer implicitly represents and warrants to, and covenants with, Royal Bank that: (i) it is not, and the Services will not be used, directly or indirectly, by, for, or on behalf of, a Money Services Business or Restricted Business; (ii) it does not and will not conduct business in, or with individuals or

entities located in, countries in contravention of Applicable Laws; (iii) to the best of its knowledge, no Regulatory Authority or other Person has ever conducted any type of investigation related to any activity in contravention of Applicable Laws relating to anti-money laundering or anti-terrorist financing with regard to accounts or financial transactions of the Customer, or any accounts or financial transactions under the control of the Customer.

8.2 Non-Public Bodies or Entities. If the Customer is not a Public Body or a Publicly Traded Entity, each time a Service is used the Customer implicitly represents and warrants to, and covenants and agrees with, Royal Bank that: (i) to the best of its knowledge, no Regulatory Authority or other Person has ever conducted any type of investigation related to any activity in contravention of Applicable Laws relating to anti-money laundering or anti-terrorist financing with regard to accounts or financial transactions of, or controlled by, any Person related to or affiliated with the Customer, or any director or officer of the Customer or any Person related to or affiliated with the Customer; (ii) none of the Customer, any Person related to or affiliated with the Customer, or any director or officer of the Customer or a Person related to or affiliated with the Customer, has been accused or convicted of an offence related to money laundering or terrorist financing; (iii) none of the assets of the Customer, any Person related to or affiliated with the Customer, or, to the best of its knowledge, of any director or officer of the Customer or any Person related to or affiliated with the Customer, have been frozen or subject to seizure due to an allegation of money laundering, terrorist financing, or other illegal activity involving accounts or financial transactions; and (iv) the composition of its ownership and control structure is not in contravention of Applicable Laws, specifically with respect to shareholders connected to jurisdictions affected by Applicable Laws. The foregoing does not apply with respect to routine and regular examinations of a Person by a Regulatory Authority in the normal and ordinary course of business, provided the Regulatory Authority has determined that the Customer, each Person related to or affiliated with the Customer, and each director or officer of the Customer and each Person related to or affiliated with the Customer, is in full compliance with Applicable Laws relating to anti-money laundering, anti-terrorist financing, and other illegal activity.

9. Intellectual Property

9.1 Ownership. Royal Bank (or, if obtained under a lease or licence, the lessor or licensor) will retain all ownership rights in the Services, Service Materials and Royal Bank's Confidential Information, including any trademark, copyright, and other intellectual property rights.

9.2 Licence. The Customer is granted a non-exclusive, non-transferable, revocable, royalty-free, and limited license to use the Service Materials solely for the purpose for which they are provided in connection with the Services, and

not for any other purpose. The Customer is not entitled to transfer or assign its licence to use the Service Materials. Unless otherwise agreed in writing by Royal Bank, the Customer is not entitled to copy the Service Materials, or any portion thereof, except for its own non-commercial use in accordance with this Agreement and Royal Bank's instructions. The Customer will not disassemble, reverse engineer, or otherwise attempt to discover the source code of any software included within any Service Materials. The Customer's licence to use the Service Materials will end immediately on termination of the licence or the Service to which the licence relates. Immediately after the licence ends, the Customer will return the Service Materials to Royal Bank together with any copies.

9.3 Intellectual Property. Royal Bank is the owner of all intellectual property rights subsisting on each website owned or operated by or on behalf of Royal Bank. Unless otherwise indicated, trademarks, logos, and all works, including texts, images, illustrations, software, HTML codes, audio clips, and videos, appearing on each website or otherwise in connection with any Services are Royal Bank's property. The trademarks, logos, and works may not be reproduced, republished, downloaded, posted, transmitted, distributed, or modified, in whole or in part, in any form whatsoever, except for the Customer's own non-commercial use, including viewing, printing, or archiving of electronic copies of the Customer's activities, in accordance with the terms of this Agreement and Royal Bank's instructions or as may be otherwise agreed in writing by Royal Bank. Nothing in this Agreement is to be interpreted as conferring a right to use Royal Bank trademarks, logos, or works in any other way.

9.4 Publicity. The Customer may not use Royal Bank's name or any of Royal Bank's trademarks or other intellectual property in any advertisement, brochure, public message, other marketing efforts or otherwise without Royal Bank's prior written consent.

10. Collection, Use, and Disclosure of Information

For purposes of this Section 10, the following defined terms will be used: (i) "**Customer**" means the Customer, its Representatives, and its owners; and (ii) "**Customer's affiliates**" means any Customer subsidiary or holding company and any Person in which any owner, partner, or holding company of the Customer has an equity or ownership interest.

10.1 Collecting Information. Royal Bank may collect and confirm financial and other information about the Customer during the course of its relationship with the Customer, including information: (i) establishing the Customer's existence, identity (for example, name, address, phone number, date of birth, etc.), and background; (ii) related to transactions arising from the Customer's relationship with and through Royal Bank, and from other financial institutions; (iii) provided on any application for the Services or OPS; (iv) for the provision of the Services or OPS;

and (v) about the Customer's financial behaviour, including payment history and credit worthiness. Royal Bank may obtain this information from any source necessary for the provision of the Services or OPS, including from: (i) the Customer; (ii) service arrangements made with or through Royal Bank; (iii) credit reporting agencies; (iv) other financial institutions; (v) registries; and (vi) references provided to Royal Bank. **The Customer acknowledges receipt of notice that from time to time reports about the Customer may be obtained by Royal Bank from credit reporting agencies.**

10.2 Using Information. All information collected by, and provided to, Royal Bank may be used and disclosed for the following purposes: (i) to verify the Customer's identity and investigate its background; (ii) to open and operate Accounts or provide other Services or OPS; (iii) to understand the Customer's financial situation; (iv) to determine, and make decisions about, the eligibility of the Customer or the Customer's affiliates for the Services or OPS; (v) to help Royal Bank better understand the current and future needs of Royal Bank's clients; (vi) to communicate to the Customer any benefit, feature, or other information about the Services or OPS; (vii) to help Royal Bank better manage its business and its relationship with the Customer; (viii) to maintain the accuracy and integrity of information held by a credit reporting agency; and (ix) as required or permitted by Applicable Laws. For these purposes, Royal Bank may: (x) share the information with other Persons, including Royal Bank Representatives, Regulatory Authorities, and Persons the Customer requests; (xi) share the information with other financial institutions, and Persons with whom the Customer has financial or other business dealings, and (xii) give credit, financial, and other related information to credit reporting agencies, who may share it with other Persons. In the event information is used or shared in a jurisdiction outside of Canada, the information will be subject to, and may be disclosed in accordance with, the laws of such jurisdiction. Royal Bank may also use the information and share it with its affiliates to: (xiii) manage its risks and operations and those of its affiliates; (xiv) comply with valid requests for information from Regulatory Authorities or other Persons who have a right to issue such requests; and (xv) let its affiliates know the Customer's choices under Section 10.3 for the sole purpose of honouring the Customer's choices. **If Royal Bank has the Customer's social insurance number, it may be used for tax related purposes and shared with appropriate government agencies, and may also be shared with credit reporting agencies for identification purposes.**

10.3 Other Uses. All information collected by, and provided to, Royal Bank may also be used and disclosed for the following purposes: (i) promoting the Services or OPS that may be of interest; (ii) where not prohibited by Applicable Laws, referring the Customer to Royal Bank's affiliates and for Royal Bank's affiliates to promote OPS that may be of interest; and (iii) if the Customer deals with

Royal Bank's affiliates, Royal Bank and its affiliates may, where not prohibited by Applicable Laws, consolidate all of the information Royal Bank has with information any of its affiliates has about the Customer, in order to manage the business of, and relationships with, Royal Bank and its affiliates. Customer acknowledges that as a result of such sharing, Royal Bank and its affiliates may advise each other of the Services or OPS provided. For the purposes described in subsections (i) and (ii), Royal Bank or its affiliates may communicate with the Customer through various channels, including mail, telephone, computer, or any other Electronic Channel, using the most recent contact information provided. The Customer may choose not to have the information shared or used for any of these "Other Uses" by contacting Royal Bank as set out in Section 10.5, and the Customer will not be refused credit or other services just for this reason.

10.4 Online Activity. Online activity information may also be collected in public and secure websites owned or operated by or on behalf of Royal Bank or its affiliates, or in any of their advertisements hosted on another Person's websites, using cookies and other tracking technology, and used with other information about the Customer to assess the effectiveness of online promotions, to gather data about website functionality, to understand its interests and needs, to provide a customized online experience, and to communicate to the Customer information about the Services or OPS. The Customer may choose not to have this information collected or used for the online personalization purposes described in this Section by contacting Royal Bank as set out in Section 10.5.

10.5 Contact Royal Bank. The Customer may obtain access to its personal information with Royal Bank at any time, including to review its content and accuracy and have it amended as appropriate, except to the extent this access may be restricted as permitted or required under Applicable Laws. To request access to personal information or request the Customer's information not to be used as set out in Sections 10.3 or 10.4, the Customer may contact the Customer's main branch or call Royal Bank toll free at 1-800 ROYAL® 1-1 (1-800-769-2511). More information about Royal Bank's privacy policies may be obtained by asking for a copy of the "**Financial fraud prevention and privacy protection**" brochure, calling the toll free number shown above, or visiting the web site www.rbc.com/privacysecurity.

10.6 Personal Information. The parties will treat all personal information in accordance with Applicable Laws. From time to time, Royal Bank may request the Customer to take steps, including the entering into of additional Documents, to ensure the protection of personal information and compliance with all Applicable Laws. The Customer will promptly comply with these requests.

10.7 Other Persons. Royal Bank is not responsible for any Loss that occurs as a result of any use, including any

unauthorized use, of information by any Person, other than Royal Bank and its Representatives to the extent agreed by Royal Bank in this Agreement.

10.8 Consents, etc. The Customer confirms that any necessary consent, approval, or authorization of any Person has been obtained for the purposes of collecting, using, and disclosing their information in accordance with this Agreement and Applicable Laws.

10.9 Additional Consent. The Customer's consents and agreements in this Agreement are in addition to any other consent, authorization, or preference of the Customer regarding the collection, use, disclosure, and retention of information.

10.10 Royal Bank Information. The Customer will use the Services, Service Materials, and other Confidential Information of Royal Bank only for the purposes they are provided by Royal Bank, and will ensure that Royal Bank's Confidential Information is not disclosed to any Person except: (i) the Customer's Representatives who need to know such Confidential Information in connection with the Services, provided that such Representatives are informed of the confidential nature of such Confidential Information and agree to treat same in accordance with terms substantially the same as in this Agreement; (ii) to the extent legally required, provided that, if not legally prohibited, the Customer will notify Royal Bank in writing prior to any such disclosure; (iii) in accordance with this Agreement; or (iv) as otherwise agreed in writing by Royal Bank.

10.11 Remedies. In the event of a breach or anticipated breach by a party or its Representatives of the confidentiality obligations under this Agreement, irreparable damages may occur to the other party and the amount of potential damages may be impossible to ascertain. Therefore, a party may, in addition to pursuing any remedies provided by Applicable Laws, seek to obtain equitable relief, including an injunction or an order of specific performance of the other party's confidentiality obligations under this Agreement.

11. Joint Banking

11.1 Banking. Each Person provided Joint Banking may exercise and delegate all rights, powers and authorities, incur liabilities and obligations, and otherwise conduct and transact any business whatsoever on behalf of each other Person.

11.2 Individuals. Joint Banking held by Persons that are individuals are held by the Persons as joint tenants with the right of survivorship (except in the Province of Quebec).

11.3 Documents, etc. All Documents by, for, or on behalf of any one or more of the Persons in connection with Joint Banking, will be valid and binding on each of the Persons jointly and severally (in Quebec, solidarily), and Royal Bank is hereby authorized to act on them and give effect to each

of them. The endorsement or signature by or on behalf of any Person provided Joint Banking by any means on any Document deposited with or drawn on Royal Bank will be binding on each of the other Persons to the same extent and with the same effect as if the Document had been manually endorsed or signed by each of the other Persons. If the withdrawal or order for the transfer of funds or the use of a Security Device by any Person results in borrowing money from Royal Bank, all such transactions are expressly approved by the other Persons. Royal Bank may stop payment on any Instrument when any one of the Persons issues a stop payment order.

11.4 Addition. If a Person is to be added to any Joint Banking, Royal Bank must be provided at least thirty (30) days' prior written notice. The addition will be effective from the date the notice has been acknowledged in writing by each branch or agency of Royal Bank where all of the Joint Banking is located. Royal Bank has the discretion to accept, reject, or terminate the addition of a Person to any Joint Banking at any time. If a new Person is provided any Joint Banking, including by virtue of its legal relationship to any other Person, this Agreement will be binding on that new participant as if it is a direct signatory hereto, and each Person will immediately: (i) provide to Royal Bank any and all information, evidence, or other Documents which Royal Bank requests in connection with any Service, including to verify compliance with this Agreement; and (ii) execute any Document and do or cause to be done all acts reasonably necessary to implement and carry into effect this Agreement to its full extent.

11.5 Removal. If a Person is to be removed from any Joint Banking, Royal Bank must be provided at least thirty (30) days' prior written notice. Removal will be effective only from and after the date the notice has been acknowledged in writing by each branch or agency of Royal Bank where all of the Joint Banking is located. At Royal Bank's sole option, this Agreement or any Joint Banking may be terminated on removal of any Person.

11.6 Account Closure. Royal Bank may close any joint Account on the instructions of any Person being provided the Account. Royal Bank will pay the instructing Person any funds on deposit in the closed Account.

11.7 Joint and Several Liability. Each Person provided Joint Banking is jointly and severally (solidarity in Quebec) liable to Royal Bank for all debts, liabilities and other obligations relating to the Joint Banking, including the repayment of any loan or overdraft and interest, fees and charges, regardless of which Person created the obligation.

11.8 Disclosure of Information. Each Person provided Joint Banking, including any added Person, may have access to all information relating to each other Person and the Joint Banking, including all Accounts, Services and credit details and history. Each Person consents to this disclosure of its information.

11.9 Notices (Joint Banking). The delivery, in accordance with this Agreement, of any Document relating to Joint Banking to any one Person being provided the Joint Banking, will be considered delivery to all of the Persons being provided the Joint Banking. The receiving Person is responsible for informing all of the other Persons of any Document delivered by Royal Bank.

11.10 Confirmation. The Customer confirms it is bound by these terms in connection with any Joint Banking provided to the Customer, and its acceptance of this Agreement (either by signature or by use of any Joint Banking): (i) confirms the obligations, responsibilities, representations and warranties of the Customer and each other Person provided the Joint Banking; and (ii) constitutes obligations, responsibilities, and representations and warranties of all of the Persons provided the Joint Banking, including the Customer, on a joint and several basis.

12. Partnerships

12.1 Joint and Several Liability – General Partnership or Limited Liability Partnership. If the Customer is a general partnership or a limited liability partnership or equivalent, every obligation of the Customer to Royal Bank under this Agreement or otherwise will also be the separate and individual obligation of each of the partners of the Customer who will be jointly and severally (solidarily in Quebec) bound to Royal Bank for the performance of those obligations whether or not such obligations are contracted for the service or operation of an enterprise of the Customer.

12.2 Joint and Several Liability – Limited Partnership. If the Customer is a limited partnership, every obligation of the Customer to Royal Bank under this Agreement or otherwise will also be the separate and individual obligation of each general partner of the Customer who will be jointly and severally (solidarily in Quebec) bound to Royal Bank for the performance of those obligations.

12.3 Dissolution. If the Customer is dissolved for any reason and if any of the power or authority set out in this Agreement continues to be exercised, then all actions taken after such dissolution by any partner of the Customer before such dissolution will be binding on the Customer and each partner (in the case of a general partnership or limited liability partnership) or general partner (in the case of a limited partnership) of the Customer and its heirs, executors, administrators, successors, or assigns, until notice of the dissolution is received and duly acknowledged in writing by each branch or agency of Royal Bank where the Customer has an Account, as if the dissolution had not occurred.

12.4 Termination. Any of the Customer, a partner (in the case of a general partnership or a limited liability partnership), a general partner (in the case of a limited partnership), or its heirs, executors, administrators, successors or assigns may terminate this Agreement in accordance with Section 15.

12.5 Changes in Partnership. This Agreement will not be revoked by a change in the constitution of the partnership, limited liability partnership, or limited partnership, as the case may be, and will be binding on any Person which may be formed from time to time as a successor to the Customer and on each partner or general partner of the Customer who may be a partner or general partner, shareholder, or member in any such new Person, to the same extent and with the same effects as if each such new Person and every partner, general partner, shareholder, or member had signed this Agreement.

12.6 New Partner – General Partnership or Limited Liability Partnership. If the Customer is a general partnership or a limited liability partnership and any new partner is admitted to the Customer, then this Agreement will be binding on that new partner and on the Customer as if the new partner had signed this Agreement.

12.7 New Partner – Limited Partnership. If the Customer is a limited partnership and any new general partner is admitted to the Customer, then this Agreement will be binding on that new general partner and on the Customer as if the new general partner had signed this Agreement.

13. Liability and Disputes

13.1 Disclaimer of Liability. Royal Bank is not responsible for any Losses, except to the extent caused directly by Royal Bank's negligence or wilful misconduct and subject to other limitations under this Agreement.

13.2 Additional Limitations. Even where Royal Bank is negligent, and regardless of the cause of action, Royal Bank is not responsible for any Losses that are indirect, consequential, special, aggravated, punitive, or exemplary damages, including lost profits. Even where Royal Bank is negligent, and regardless of the cause of action, Royal Bank is also not responsible for any Losses resulting from any of the following:

- (i) the actions of, or failure to act by, any other Person except for Royal Bank's Representatives who are acting in accordance with Royal Bank's specific instructions;
- (ii) mistakes or errors in, omissions from, inaccuracy or inadequacy of, or delays with, any Document provided to Royal Bank or its Representatives;
- (iii) the Customer, including any of its Representatives:
 - (A) failing to comply with this Agreement or any other Document applicable to the Services;
 - (B) engaging, either alone or with others, in any fraudulent, unlawful, dishonest, or other improper acts or omissions;
 - (C) carrying out a transaction, including if the transaction is the result of any mistake or errors in, omissions from, inaccuracy, or other inadequacy of, or delays with any Document provided to Royal Bank or its Representatives;
 - (D) disclosing or sharing, or agreeing to the disclosure or sharing of, a Security Device with any Person;
 - (E) making, consenting, authorizing, or contributing to, or otherwise

being responsible for, or benefiting from a transaction; (F) failing to take measures to protect against and prevent the Losses, including by using an Electronic Channel that it knows or reasonably ought to know contains software that has the ability to reveal to an unauthorized Person, or to otherwise compromise, any Security Device; (G) leaving Royal Bank's website and linking to and from any other Person's website; or (H) failing to adequately cooperate with Royal Bank in a related investigation; in each case, as determined by Royal Bank, acting reasonably;

(iv) anything beyond Royal Bank's control, including Losses resulting from: (A) Force Majeure, (B) any delay, error, interruption, or failure by Royal Bank to perform or fulfill its obligations due to any cause beyond Royal Bank's control, including any systems malfunction, technical failures, or if a Document retrieved by Royal Bank is not timely, complete, or accurate; or (C) any communication facilities or Electronic Channels that are not under Royal Bank's control, including communication facilities that may affect the timeliness, completeness, or accuracy of a Document or that may cause a delay in the retrieval or presentment of any Document;

(v) any missing, incomplete, or fraudulent endorsement of any Instrument;

(vi) Royal Bank relying or acting on any Document, including a Document accessed, sent, received, accepted, or processed through an Electronic Channel, pursuant to this Agreement; or

(vii) the transmission of any Disabling Code or other destructive or contaminating properties through an Electronic Channel, or any related damage to any computer systems.

13.3 Waiver and Release. Royal Bank makes available certain Services, including Account Images, Disbursement Auditor / RBC Express Positive Pay, and Payee Match, and Service features, including dual administration for RBC Express, which are intended to detect and deter forged, fraudulent, or unauthorized Instruments. If the Customer does not implement any of these Services or Service features, the Customer is precluded from making any claim against Royal Bank for a forged, fraudulent, or unauthorized Instrument that such Service or Service feature is intended to deter or detect, and Royal Bank will not be responsible for the Instrument or any related Losses.

13.4 Third Party Disputes. Except as otherwise provided in this Agreement, Royal Bank is not responsible for any Dispute the Customer may have with any other Person, including its clients, payees, or creditors or any Beneficiary, as a result of this Agreement or any Service. The Customer assumes full responsibility for resolving any such Dispute directly with the Person in a manner that does not adversely affect Royal Bank. Royal Bank is not responsible if the Person: (i) does not credit the Customer for an Instrument for whatever reason; (ii) charges the Customer fees or

penalties related to an Instrument; or (iii) does not supply the goods or services purchased or if the goods or services supplied are not suitable.

13.5 Indemnity. Except to the extent caused directly by Royal Bank's negligence or wilful misconduct, the Customer indemnifies and holds harmless Royal Bank from and against any Losses in connection with this Agreement, the Services, or any other dealings between Royal Bank and the Customer.

13.6 Force Majeure. Each party will notify the other, as soon as possible, of an actual or anticipated Force Majeure which may affect any Service, and a summary of the action to be taken by it as a result.

13.7 Notice of Claim. The Customer will, if not legally prohibited, immediately notify Royal Bank, verbally and in writing, of any Loss or Dispute which it becomes aware of in connection with this Agreement or any Service.

14. Changes

14.1 New Services. When a new service is offered by Royal Bank, the service is deemed to be a "Service" under this Agreement, and subject to the terms and conditions of this Agreement, immediately when the Customer is enrolled in, authorized for, or uses the service, without any other action required by the Customer, Royal Bank, or any other Person.

14.2 Changes to Services. Royal Bank may add, remove, or change any part or feature of the Services without providing notice to the Customer.

14.3 Changes to Agreement. Royal Bank may at any time amend, supplement, restate, or otherwise change this Agreement by giving the Customer notice of the change through announcements in Royal Bank's website for the Services or otherwise by giving the Customer notice in accordance with Section 16.1. If the affected Services are used after the date of the notice of change or effective date of the change, whichever is later, the Customer is deemed to have agreed and consented to the change. If any change is not acceptable to the Customer, the Customer must immediately stop use of the affected Services and contact Royal Bank for assistance. The Customer agrees to be bound by the latest version of the Schedules and Service Materials from time to time made available on Royal Bank's website for the Services, or otherwise provided to the Customer. The Customer agrees to regularly review these and any notice of change outlined above.

15. Termination

15.1 Termination of Service. Royal Bank or the Customer may terminate any Service at any time by giving the other written notice at least thirty (30) days prior to the effective date of termination, or as otherwise mutually agreed in writing by the parties.

15.2 Termination of Agreement. Royal Bank or the Customer may terminate this Agreement at any time by

giving the other written notice at least sixty (60) days prior to the effective date of termination, or as otherwise mutually agreed in writing by the parties. For greater certainty, termination of this Agreement will result in termination of all of the Services at the same time.

15.3 Immediate Termination. Royal Bank may immediately suspend or terminate any Service or this Agreement, in whole or in part, without prior notice, if: (i) required by Applicable Laws or a Regulatory Authority; (ii) there is, has been, or Royal Bank has reasonable grounds to anticipate, a security breach or breach of Applicable Laws in connection with the Services; (iii) there is, has been, or Royal Bank has reasonable grounds to anticipate, a breach of this Agreement or any other Document applicable to the Services which is, in Royal Bank's discretion, incapable of being cured to Royal Bank's satisfaction, or, if curable, is not cured to Royal Bank's satisfaction within thirty (30) days of notice of such breach having been provided by Royal Bank to the Customer; (iv) an event of Force Majeure continues for a period of thirty (30) consecutive days; (v) any proceedings are commenced, an order is made by a court of competent jurisdiction, or resolution of the directors or shareholders of the Customer is passed for the dissolution, winding-up, or liquidation of the Customer; or (vi) Royal Bank determines, in its discretion, there has been a material adverse change in the financial condition of, including an Act of Insolvency by, the Customer or any other Person which could affect the Services.

15.4 Suspension or Termination of Services. Suspension or termination of any Service under this Agreement will not terminate, negate, or lessen any of the Customer's responsibilities or obligations under this Agreement, and suspension or termination of any Service will not impair any of Royal Bank's rights under this Agreement.

15.5 Survival. Termination of any Service or this Agreement will not affect the rights and remedies of each party accrued to the date of termination, nor will it affect any provision of this Agreement which, by its nature, should apply after termination.

16. Miscellaneous

16.1 Delivery of Documents, etc. Any Document, including any disclosure or notice of change to this Agreement, may be delivered using one or more means of communication, which may include: (i) delivery in paper form; or (ii) delivery in electronic form using any Electronic Channel, including posting on Royal Bank's website. Any Document in paper or electronic form will be deemed to have been given and received on the day of delivery or posting, if delivered or posted before 4:00 p.m. (Toronto time) on a day Royal Bank is open for business to the public in Toronto, Ontario. Otherwise, any such Document will be deemed to have been given and received on the next following day Royal Bank is open for business to the public in Toronto, Ontario. Documents will be delivered to the Customer using the most recent contact information for the Customer held by

Royal Bank. The Customer will provide prior written notice to Royal Bank of any changes to the contact information contained in Royal Bank's records.

16.2 Electronic Documents and Consent. The Customer designates the RBC Express Message Centre as its designated information system, and consents to the provision by Royal Bank, and receipt by the Customer, of any Document through that Electronic Channel. Where the Services provided to the Customer do not include RBC Express, the Customer designates its Online Banking Message Centre as its designated information system. Where the Services provided to the Customer do not include either RBC Express or Online Banking, the Customer designates either: (i) facsimile (at the facsimile number provided by the Customer); or (ii) electronic mail (at the e-mail address provided by the Customer) as its designated information system. The Customer recognizes that: (i) the Customer may revoke its consent under this provision at any time, in whole or in part if the option to partially revoke is provided by Royal Bank; (ii) the Customer is responsible for informing Royal Bank of any changes to a designated information system where Royal Bank is in a position to accept such instructions at Royal Bank's discretion, and of any changes to the contact information related to any designated information system; (iii) any Document will be held in accordance with Royal Bank's enterprise record retention policy, and will be made available to the Customer during the applicable retention period; (iv) the Customer is responsible for retaining a copy of each Document; and (v) this consent takes effect immediately. Royal Bank may provide the Customer with any Document in paper form if Royal Bank deems appropriate, or if Royal Bank is unable to provide the Document in electronic form through the Electronic Channels at the above-noted designated information systems. The Customer is responsible for accessing the designated information system on at least a monthly basis, if applicable, in order to check for any notices provided pursuant to this Section.

16.3 Default. The Customer will be in default by the mere lapse of time fixed for performing an obligation.

16.4 Multiple Parties. If the Customer is more than one Person, each Person is jointly and severally (solidarily in Quebec) liable to Royal Bank for all debts, liabilities, and other obligations of the Customer.

16.5 Successors and Assigns. This Agreement may not be assigned by the Customer, either in whole or in part, unless agreed in writing by Royal Bank. This Agreement will constitute the continuing consent and agreement of the Customer, and will bind and enure to the benefit of each party and its heirs, executors, liquidators of successions, administrators, and other legal representatives, successors, and assigns.

16.6 Conflicts. If there is any inconsistency between any Service Materials and this Agreement, the Service Materials will prevail to the extent of any inconsistency for the

applicable Service. Any prior Document governing a Service is deemed to be incorporated in this Agreement. This Agreement will prevail to the extent of any inconsistency with a prior Document, unless Royal Bank determines, in its discretion, the prior Document should prevail in whole or in part.

16.7 No Waivers. No delay or omission by either party to exercise any right or power it has under this Agreement will impair or be construed as a waiver of such right or power. No waiver of any provision of this Agreement will be effective unless agreed in writing by Royal Bank.

16.8 No Agency, Trust, or Partnership. This Agreement does not create any agency, trust, joint venture, or partnership relationship between the parties or between Royal Bank and any other Person, including any Beneficiary. Nothing in this Agreement will confer on the Customer or any Person the authority to act for, bind, create, or assume any obligation or responsibility, or make any representation, on behalf of Royal Bank.

16.9 No Fiduciary Relationship. This Agreement does not create any fiduciary obligations or relationship between the parties. The Customer understands and acknowledges the merit and risk associated with this Agreement and each Service, and acknowledges it has sufficient knowledge and experience to evaluate and assume such merit and risk. The Customer will not construe any information provided by Royal Bank as legal, tax, investment, financial, or business advice or counsel. The Customer is relying on the advice of its own advisors and counsel, which are unaffiliated with Royal Bank, for purposes of entering this Agreement and using any Service.

16.10 No Third Party Beneficiaries. This Agreement is only for the benefit of Royal Bank and the Customer, and is not intended to confer any legal rights, benefits, or remedies on any other Person except to the extent otherwise provided in this Agreement. There are no third party beneficiaries to this Agreement.

16.11 Further Assurances. Immediately on request by Royal Bank, the Customer will: (i) provide to Royal Bank any and all information, evidence, and other Documents which Royal Bank requests in connection with any Service, including to verify compliance with this Agreement; and (ii) execute any Document and do or cause to be done all acts reasonably necessary or desirable to implement and carry into effect this Agreement to its full extent.

16.12 Severability. Any provision of this Agreement that is or becomes unenforceable, will be unenforceable only to the extent of such unenforceability without invalidating the remaining provisions hereof. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement and such invalid provision will be deemed to be severable. The Customer waives any provision of Applicable Laws that may render any provision hereof unenforceable in any respect.

16.13 Governing Law. This Agreement will be exclusively governed by the laws of the Province or Territory in which the Services are used by the Customer, or, if the Services are used by the Customer outside of Canada or in multiple jurisdictions, this Agreement will be exclusively governed by the laws of the Province of Ontario. The Customer irrevocably submits to the courts of the Province or Territory specified above in any action or proceeding arising out of or relating to this Agreement or the Services. The Customer irrevocably agrees that all such actions or proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defence of an inconvenient forum. The Customer agrees that a judgement or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by Applicable Laws. Royal Bank may serve legal process in any manner permitted by Applicable Laws or may bring an action or proceeding against the Customer or the property or assets of the Customer in the courts of any other jurisdiction.

16.14 Counterparts. This Agreement may be entered in parts and each part may be entered using an Electronic Channel. Together all parts constitute one and the same Agreement.

16.15 Language. The parties acknowledge that they have required that this Agreement and all related documentation be drawn up in the English language. Les parties reconnaissent avoir demandé que la présente convention ainsi que tous les documents qui s'y rattachent soient rédigés en langue anglaise.

PART B – ADDITIONAL TERMS FOR SPECIFIC SERVICES

This Part of the Agreement contains terms for specific Services which may not be used by the Customer at the time the Customer enters into the Agreement. The terms for each of these Services will become applicable to the Customer when the Customer is enrolled in, authorized for, or uses the Service.

17. Accounts

17.1 Overdrafts. Unless otherwise agreed by Royal Bank, and notwithstanding any prior course of conduct, Royal Bank may, but will have no obligation to, honour, and Royal Bank may at any time in its discretion refuse to honour, any Instrument which, if honoured, might overdraw an Account or increase an overdraft in an Account. The Customer will pay to Royal Bank, on demand, the amount of any overdraft in an Account, together with interest. The rate of interest payable on any overdraft in an Account will be Royal Bank Prime Rate plus 5% for Canadian dollar Accounts, and US Base Rate plus 5% per annum for US dollar Accounts, or the rate otherwise agreed to in writing by Royal Bank and the Customer. The interest will accrue daily on the basis of a 365 day year and will be calculated and payable monthly. For the purposes of the Interest Act (Canada), if a rate of interest is or is to be calculated on the basis of

a period which is less than a full calendar year, the yearly rate of interest to which such rate is equivalent is such rate multiplied by the actual number of days in the calendar year for which such calculation is made and divided by the number of days in such period.

17.2 Credit Balances. Unless otherwise agreed in writing by Royal Bank, amounts standing to the credit of an Account will not bear interest.

17.3 Electronic Statements. Royal Bank may, in its discretion, provide Account statements in paper or electronic form using any Electronic Channel. The Customer is responsible for ensuring that each electronic statement is accessed and reviewed regularly in accordance with this Agreement. Royal Bank is under no obligation to provide the Customer or any other Person with notice of the availability of the electronic statement. Royal Bank is not responsible for any Losses resulting from the Customer's failure to receive electronic statements as a result of any Accounts not being electronically enrolled or if the Customer fails to notify Royal Bank of non-receipt in accordance with this Agreement.

17.4 Hold Policy. Funds for cheques and other Instruments deposited to an Account may not be accessible immediately. The length of the hold period can vary depending on the location of the issuing financial institution. In general, the length of the hold period is: (i) five (5) business days, or any shorter period required by law, for cheques and other Instruments in Canadian or US currency drawn on a Canadian branch of a Canadian financial institution; (ii) fifteen (15) business days for cheques and other Instruments drawn on a US financial institution; and (iii) twenty-five (25) business days for cheques and other Instruments drawn on a foreign financial institution other than in the US. After the hold period, the Customer may access the funds in the normal course. However, Royal Bank's release of funds to the Customer does not mean that the cheque or other Instrument cannot be returned. If the cheque or other Instrument is returned after the hold period, Royal Bank may charge the amount of the cheque or such other Instrument to the Account. For these purposes, the term "business day" means regular weekdays only and excludes Saturdays, Sundays, and holidays under Applicable Laws.

17.5 Trust Funds. The Customer continuously represents, warrants, covenants, and agrees that there are no funds in any Account which are subject to a trust or ownership interest in favour of any other Person (a "Beneficiary"), except to the extent Royal Bank has agreed to the use of the Account for such purpose, and Royal Bank has coded the Account as a trust account in its records. If an Account contains trust funds, the Customer represents, warrants, covenants, and agrees that: (i) the Customer has the legal capacity and power, authority, and discretion to deposit the trust funds in the Account and provide any other instructions regarding any trust funds or Account,

including with respect to the deposit, investment, and withdrawal of the trust funds and the opening, operating, and closing of any Account, and that this power, authority, and discretion may be delegated by the Customer to any Person, including as specified in any Authorization Forms, Service Materials, or other Document held by Royal Bank; (ii) the Customer is in compliance, and will comply, with all Applicable Laws and other obligations, including those applicable to any trust funds, Account, or Beneficiary; (iii) Royal Bank does not have knowledge of, and is not bound to see to the execution of, any trust, Applicable Laws, or other obligation to which any trust funds, Account, or Beneficiary is subject; (iv) the Customer will ensure that each Account containing trust funds will be designated and coded as a trust account in the records of Royal Bank and the Customer. The Customer will keep all trust funds separate and apart from any other funds, investments, or other assets of the Customer, and will ensure they are not comingled, to the extent required by any Applicable Laws or other obligation. The Customer will keep the trust funds segregated for each Beneficiary to the extent required by any Applicable Laws or other obligation; (v) no trust funds or Account will be used, directly or indirectly, for any Person other than as described herein and no Person other than the Customer and its delegates pursuant to subsection (i) above may provide instructions with respect to any Account containing trust funds; and (vi) the Customer will not permit any pledge or assignment of, or security interest (including hypothecs and assignments) against, any trust funds, Account, or any related Instrument, except to the extent agreed in writing by Royal Bank. The eligibility of trust funds for separate CDIC coverage per Beneficiary is subject to the Customer's compliance with the applicable by-laws and other requirements of CDIC. CDIC by-laws prescribe the time, form, and manner in which the Customer must disclose the interest of a Beneficiary to Royal Bank. The Customer should visit cdic.ca or call 1-800-461-2342 for details. Royal Bank is not responsible for ensuring that such CDIC coverage requirements are met, and Royal Bank makes no representation in this regard. The Customer will direct Royal Bank as to what investments are required for any trust funds in accordance with Applicable Laws and other applicable obligations. Subject to the Customer's direction, trust funds deposited in an Account may pay interest through GICs of varying terms or other interest-bearing deposits offered to the Customer by Royal Bank from time to time. Royal Bank will rely on the Customer's direction respecting the investment of trust funds. If payable, interest will be credited to an Account in accordance with the type of GIC or other deposit held in the Account, and on the termination of the Account. Unless otherwise agreed in writing by Royal Bank, Royal Bank will automatically renew any GIC or other investment on maturity and on each succeeding maturity date for the term originally or most recently instructed by the Customer. The amount re-invested will be the original amount of trust funds deposited, plus all paid interest to the maturity

date. The withdrawal of trust funds in an investment, and the cancellation of a GIC or other investment prior to its maturity, is subject to the terms of the investment or Royal Bank's discretion. The Customer will provide any Document requested by Royal Bank for such purpose, in form and substance satisfactory to Royal Bank. None of Royal Bank or its Representatives will be responsible for any Losses arising in connection with any trust funds or Beneficiary. The Customer will pay, indemnify, and hold harmless Royal Bank and its Representatives for, all Losses arising in connection with any trust funds, Account, or Beneficiary, including in connection with any Instrument or any other deposit, investment, or withdrawal of the trust funds which does not comply with any Applicable Laws or other applicable obligation.

18. Debit Blocking

18.1 Definitions. Capitalized terms used for this Service that are defined in CPA Rule H1 have the meanings given in that Rule.

18.2 Enrolment Period. It may take up to 10 days (the "Enrolment Period") for this Service to commence following Royal Bank's execution of the applicable Service Materials. No cheques or Business PADs drawn on an Account will be returned by Royal Bank during any Enrolment Period.

18.3 Automatic Returns. The Customer will not have an opportunity to review any cheque or Business PAD before it is automatically returned by Royal Bank as dishonoured pursuant to this Service.

18.4 Cheques and Business PADs Only. Except for cheques and Business PADs returned by Royal Bank pursuant to this Service, no other Instrument or other debit drawn on an Account, including any Cash Management PAD or Funds Transfer PAD, will be returned by Royal Bank as part of this Service.

18.5 Applicable Laws. The Customer represents, warrants, covenants, and agrees that it is in compliance, and will comply, with all Applicable Laws, including with respect to the stop payment of any cheque and the revocation of its authority for any Business PAD if required in connection with this Service.

18.6 Future Assurance. Immediately on request by Royal Bank, the Customer will provide an affidavit in connection with the return of a fraudulent cheque or a Reimbursement Claim in connection with the return of a Business PAD.

19. Credit

19.1 Authorizations. The Customer represents, warrants, covenants, and agrees that each Person who borrows or establishes credit on the Customer's behalf, or uses a Service which results in borrowing by the Customer or the provision of credit to the Customer, has been properly authorized by all necessary actions to: (i) borrow or obtain credit from Royal Bank in such amounts and on such terms as the Person deems appropriate, whether by loan,

advance, overdraft, or by any other means; (ii) mortgage, hypothecate, charge, pledge, convey, assign, transfer, or create a security interest in any or all of the property, real and personal, immovable and moveable, undertakings, and rights of the Customer, present and future, to secure the payment and performance of any or all present and future liabilities and obligations to Royal Bank; (iii) enter into financial leases with Royal Bank; and (iv) guarantee the obligations of any other Person to Royal Bank.

19.2 No Restrictions. The Customer represents, warrants, covenants, and agrees that there are no provisions under Applicable Laws, its constating documents, or any by-laws, resolutions, or other applicable obligations that restrict or limit the Customer, or any Person on the Customer's behalf, from exercising any of the rights, powers, or authorities described in Section 19.1.

20. Night and Day Depository

20.1 Deposits. Deposits must be made using a type of bag that is pre-approved by Royal Bank and secure. A deposit will only contain notes, coins, cheques, or other Instruments. Each deposit must be accompanied by an itemized deposit slip, in duplicate, visibly listing its contents and showing separately the amount represented by Canadian or US dollar notes, coins, and other Instruments.

20.2 Delivery. Each deposit will be dropped or delivered, properly sealed, in a designated deposit chute or depository at certain Royal Bank branches. Deposits may also be delivered to tellers at a Royal Bank branch, at a higher cost to the Customer. The Customer will ensure each deposit bag is securely sealed before being dropped or delivered, and that each chute or depository is immediately closed or locked after each use. If there is any suspected or actual unusual state of condition or defect in a chute or depository, the Customer will immediately provide verbal and written notice to the manager of the Royal Bank branch where the chute or the depository is located.

20.3 Keys. If Royal Bank provides one or more keys permitting access to a depository, the Customer will notify Royal Bank of receipt by the Customer, or by a Person on the Customer's behalf, of each key. Each key remains at all times property of Royal Bank, and may not be duplicated. In the event of any suspected or actual loss or theft of a key, the Customer will ensure notice of this is immediately provided to the manager of the Royal Bank branch at which the depository is located. Each key will be immediately returned to Royal Bank when this Service is suspended or terminated, when use of a depository ceases, or otherwise at Royal Bank's request. The Customer will pay Royal Bank on demand all Losses in connection with any loss or theft of, or failure to return to Royal Bank, any key, including for replacing each lock, key and all other keys to the depository.

20.4 At Customer's Risk. The Customer agrees that the use of this Service, including any use or attempted use of

a chute or depository, by the Customer or any other Person on its behalf is at the sole risk of the Customer, and the Customer will indemnify and hold harmless Royal Bank for any related Losses. Royal Bank assumes no responsibility or liability whatsoever in respect of any Losses suffered or incurred by the Customer or any other Person relative to their use or attempted use of the Service, including with respect to anything delivered or intended to be delivered or any injury or other Loss sustained by the Customer or other Person while using or attempting to use a chute or depository. The Customer is exclusively responsible for anything delivered to Royal Bank in any bag, and assumes the risk or loss thereof, until entered by Royal Bank in its records as a deposit.

20.5 Unopened Bags. On enrolment in this Service the Customer may request to take delivery of its bags unopened. If this is agreed by Royal Bank, the Customer agrees: (i) each bag will be clearly marked in a manner pre-approved by Royal Bank and which indicates it is to be returned to the Customer unopened; (ii) each bag will be picked-up by the Customer on the next day the applicable Royal Bank branch is open for business immediately following the day on which the bag is placed in a depository, or on such later date when the bag is made available by Royal Bank; and (iii) the contents of each bag delivered by Royal Bank to the Customer shall be conclusively deemed to be exactly the same as the contents of the bag when it was placed in the depository. Royal Bank is not responsible for any delays associated with the delivery of a bag to the Customer, including if a bag is inadvertently picked-up by Royal Bank or an armoured car courier on Royal Bank's behalf.

20.6 Processing Contents. Except where Royal Bank has agreed to deliver bags to the Customer unopened in accordance with Section 20.5, Royal Bank is authorized to open each bag and remove and process the contents in accordance with this Agreement. Royal Bank is not obligated to process any contents which Royal Bank, in its discretion, does not consider acceptable, and the Customer shall timely take delivery of any contents not processed by Royal Bank.

20.7 Royal Bank's Records. Royal Bank's records concerning the Customer's use of this Service, including Royal Bank's count or determination of the number of bags or contents of each bag, are, in the absence of manifest error, deemed conclusively correct and irrevocably binding on the Customer. The relationship between Royal Bank and the Customer shall, relative to the contents of any bag, only become one of debtor and creditor, respectively, after the time the contents have been removed, counted, verified, accepted, and entered by Royal Bank in its records as a deposit.

20.8 Provisional Credits. Any provisional credit to an Account based on a deposit slip is subject to change, and Royal Bank may debit or credit the Account, to the extent necessary based on Royal Bank's actual count or

determination of the contents of each bag. Any note, coin, or Instrument that requires conversion from one currency to another will be converted at the time it is counted by Royal Bank using the applicable currency conversion rate established for such purpose by Royal Bank, in its discretion, at that time. Any provisional credit to an Account will be changed, and Royal Bank may debit or credit the Account, to the extent necessary to reflect the amount of funds converted and to deduct any conversion fees.

20.9 Withdrawal of Depository. Royal Bank will have the right to change or withdraw from the Service any chute or depository, without prior notice, and Royal Bank will not be responsible for any resulting Losses.

21. Non-Manual Signing of Instruments and Instructions

21.1 Binding Effect. In the applicable Schedule, the Customer will provide Royal Bank with specimens of the mechanical, electronic, or other non-manual signatures which may be used for its Documents. Any Document, including Instruments, bearing any such signature shall have the same legal effect as if in written paper form signed by the Customer, and the Customer is bound by, and responsible for, the resulting transactions. Royal Bank is authorized to give effect to any Document, including any Instrument, bearing such mechanical, electronic, or other non-manual signature, and regardless of who actually affixed the mechanical, electronic, or other non-manual signature, how that signature came to be affixed, or whether it is genuine.

22. Pre-Authorized Debits

22.1 Definitions. Capitalized terms used for this Service that are defined in CPA Rule H1, have the meanings given in that Rule.

22.2 Sponsoring Member. Royal Bank will act as the Customer's Sponsoring Member for processing Cash Management PADs, Business PADs, or Personal PADs.

22.3 NDDS Method 3. If the Customer wishes to use Royal Bank's NDDS Method 3, then, subject to Royal Bank's approval, the Customer will provide Royal Bank the Schedule applicable to NDDS Method 3.

22.4 Letter of Undertaking. This Section is the Payee Letter of Undertaking for PADs issued by the Customer. In accordance with CPA Rule H1, each time this Service is used, the Customer implicitly represents and warrants to, and covenants with, Royal Bank as follows:

(i) **Payor Approval.** Each Payor on whose behalf any debit purports to have been drawn or direction purports to have been given shall have signed or otherwise duly Authorized and delivered to the Payee an authority instructing the Payee to issue debits, and, where applicable, shall have given the Payee a direction pursuant to such an authority to issue a debit as though it were signed or otherwise duly Authorized by such Payor instructing such direction to be acted on as though it were a Written instruction signed

by such Payor. The Customer undertakes to ensure that each Payor's PAD Agreement and Authorization meets the requirements of CPA Rule H1, including Appendix II of CPA Rule H1. The Customer shall maintain all records of, and undertakes to make available, immediately on the request of Royal Bank, a Payor or an authorized representative of the Payor (including the Processing Member), evidence of the authority of a Payor for whom the Payee has issued or caused to be issued any PAD, including each Payor's PAD Agreement and Authorization.

(ii) **Valid Signing Authority.** The Customer is solely responsible to ensure that each Payor's PAD Agreement and Authorization is signed or otherwise duly Authorized by the Payor in a form that constitutes proper authority for Royal Bank and the Processing Member to debit the Payor's designated account as may be set out in the Payor's account agreement with its Processing Member.

(iii) **Payor Acknowledgement for Cash Management PADs.** Where the Payor and the Customer are the same Person, the Customer agrees Royal Bank may debit its designated account for such PAD. Where the Payor and Payee are not the same Person, the Customer confirms the Customer and the Payee are closely-affiliated Businesses, the Payor has received, reviewed, and Authorized this Payee Letter of Undertaking, and the Customer, Royal Bank, and the Processing Member are authorized to debit the designated accounts of the Payor. The Customer confirms this subsection constitutes proper authority for the Processing Member to debit the Customer's or Payor's designated accounts for Cash Management PADs in accordance with the applicable account agreement with the Processing Member.

(iv) **Sporadic PADs.** If any PADs are Sporadic or may be issued with Sporadic frequency, proper Authorization will be obtained from the Payor for each and every such PAD, in accordance with CPA Rule H1.

(v) **CPA General Indemnity.** In addition to the Customer's indemnity in Part A of this Agreement, except to the extent caused directly by Royal Bank's negligence, the Customer undertakes and agrees to hold harmless and to indemnify Royal Bank and any applicable Processing Member against any and all losses, costs, fees (including reasonable legal and other professional fees and disbursements), damages, expenses, liabilities, claims, suits and demands whatsoever that Royal Bank or any applicable Processing Member may suffer, incur or be under or that may be made or brought against Royal Bank or any such Processing Member by reason of or in any way arising out of any of the Services, including the action in drawing and issuing any debit.

(vi) **Liability for Accuracy.** The Customer shall be solely responsible for the accuracy and completeness of all information furnished to Royal Bank in connection with the Services, and Royal Bank shall not be responsible in any way for errors resulting from the inaccuracy or

incompleteness of any information furnished to Royal Bank. Without limiting the generality of subsection (v) above, the Customer undertakes and agrees to indemnify Royal Bank for all amounts that may be erroneously paid by Royal Bank or any Processing Member in respect of any PAD erroneously credited or debited by Royal Bank or any Processing Member pursuant to any direction from or on behalf of the Payee.

(vii) **Force Majeure.** Royal Bank shall not be liable to the Customer or any other Person for any delay, damage, penalty, cost, expense or inconvenience to the Customer or such other Person resulting from Royal Bank's failure to perform any of the Services by reason of any cause beyond Royal Bank's control.

(viii) **Payor's Claim for Reimbursement.** The Customer undertakes and agrees to reimburse Royal Bank and any Processing Member for payment of any claim, including any interest claim, made by a Payor or other Person in accordance with the CPA Rules Manual, including any claim paid by Royal Bank as a result of a Reimbursement Claim filed by a Payor or other Person alleging that: (A) the PAD was not drawn in accordance with the Payor's PAD Agreement; (B) the Payor's PAD Agreement was revoked; (C) any required Pre-Notification was not given at least ten (10) days before the date a related PAD was processed to the account of the Payor, or was not waived in accordance with CPA Rule H1; (D) Confirmation was not provided in accordance with Section 16 of CPA Rule H1; or (E) no Payor's PAD Agreement existed between the Person making the claim and the Payee with respect to a particular PAD.

(ix) **Assignment.** This Payee Letter of Undertaking may not be assigned, directly or indirectly, by operation of law, change of control or otherwise, without the prior written consent of Royal Bank. No Payor's PAD Agreement may be assigned by the Payee, directly or indirectly, by operation of law, change of control or otherwise, except: (A) with respect to the assignment of a Paper Agreement: (i) if the Payee has prominently displayed (e.g. in bold print, highlighted or underlined) an assignment clause in the Payor's PAD Agreement and the Payee has provided to the Payor Written notice of the full details of such assignment, including the identity and contact information of the assignee; or (ii) the Payee has provided to the Payor prior Written notice of the full details of such assignment, including the identity and contact information of the assignee, a minimum of ten (10) days in advance of any PAD being issued in the assignee's name; or (B) with respect to the assignment of an Electronic Agreement: (i) if the Confirmation contains, in addition to the clauses on the mandatory form set out in Appendix IV of CPA Rule H1, an assignment clause that is prominently displayed (e.g. in bold print, highlighted or underlined) and the Payee has provided to the Payor Written notice of the full details of such assignment, including the identity and contact information of the assignee; or (ii) the Payee has provided to the Payor, prior Written notice of the full

details of such assignment, including the identity and contact information of the assignee, a minimum of ten (10) days in advance of the next PAD being issued in the assignee's name.

(x) **Name Change.** The Customer shall provide a minimum of ten (10) days Written notice to Royal Bank and the Payor in advance of the next PAD, where a Payee's name has changed.

(xi) **CPA Rules / Confirmation / Pre-Notification.** The Customer agrees it is bound by, and will comply with, respect and apply all relevant provisions of, the CP Act and all related by-laws, rules, and standards in force from time to time as they apply to the Payee and all PADs issued in connection with the Services, including the Confirmation / Pre-Notification requirements or waiver of Pre-Notification requirements and cancellation requirements as set out in CPA Rule H1.

(xii) **Cancellation.** Without limiting the generality of subsection (xi) above, the Customer hereby agrees that, subject to the expiry of any reasonable cancellation notice period (not to exceed thirty (30) days) that has been clearly set out in any agreement between the Payor and the Payee (including in an applicable Payor's PAD Agreement), on receipt by the Payee of any Written or otherwise oral communication from a Payor clearly instructing the Payee to cease issuing PADs or otherwise revoking a Payor's PAD Agreement or an Authorization to issue PADs, the Customer shall ensure the PAD is cancelled in the next business, billing or processing cycle, but shall (within not more than thirty (30) days from the notice) cease any new PADs against that Payor and ensure no further PADs are issued against that Payor unless and until that Payor provides the Payee with a new Payor's PAD Agreement.

(xiii) **Notices of Change.** The Customer undertakes and agrees to: (A) accept and act on any notice of change of a Payor's payment routing information that it receives from Royal Bank that was provided to Royal Bank by the Payor's Processing Member in relation to an administrative change to that information by the Processing Member pursuant to CPA Rule F12 that does not involve changing that Processing Member; and (B) deem such notice of change to be that Payor's authorization to change its relevant payment routing information, provided that Royal Bank shall be responsible to the Customer only for the accuracy of information provided in any such notice of change that Royal Bank provides to the Customer.

(xiv) **Re-Presentation.** In the event of the return of a PAD for reason of "Non-Sufficient Funds" or "Funds Not Cleared," the PAD may be re-presented electronically on a one-time only basis for the same amount as the original PAD, and provided that such PAD is re-presented within thirty (30) days. Any such re-presentation of a PAD shall not contain interest, Non-Sufficient Funds charges or any other charges in addition to the amount of the original PAD.

(xv) **Termination of Service.** Notwithstanding any termination of the Service, the provisions of CPA Rule H1 and the indemnification provisions of this Agreement shall continue to remain in full force and effect with respect to any PAD drawn and issued or any other obligation of a Sponsoring Member in accordance with the provisions of this Agreement prior to the day upon which such termination takes effect.

23. Stop Payments

23.1 **Processing.** The Customer will ensure that the cheque or debit to be stopped has not already been paid or processed through the applicable Account. Royal Bank will confirm receipt of stop payment instructions. The following information must be provided for each cheque or debit to be stopped: (i) amount; (ii) date; (iii) payee name; (iv) serial number (note that the MICR encoded serial number is required in order for the system to capture it); and (v) reason for the stop payment. To stop a series of pre-authorized debits, stop payment instructions must be submitted for each debit in the series. Any stop payment instruction will remain in place for only one (1) year from the date the instruction is accepted by Royal Bank. It is the Customer's responsibility to follow-up on all stop payment instructions, and to ensure the payee has been notified that a stop payment instruction has been given. The issuance and processing of a stop payment instruction may not affect the legal obligation to the payee or any other Person. The payee must be contacted directly to cancel any contract with the payee as required. Royal Bank will process all stop payment instructions in accordance with CPA Rules, but Royal Bank does not guarantee a cheque or debit will be stopped even if a stop payment instruction has been processed. Royal Bank is not responsible for any Losses arising as a result of a stop payment instruction or related Instrument.

24. U.S. Par Crossed

24.1 **Definitions.** For purposes of this Service, the following defined terms will be used:

"**Business Day**" means a day (other than a Saturday or Sunday) on which national banks are open for business to the general public in the State of New York, provided, however: (i) a Business Day for RBC New York Branch will be limited to only those Business Days on which RBC New York Branch is open for business for the purpose of receiving and processing Par Crossed Cheques for Royal Bank's customers; and (ii) a Business Day for Royal Bank (for greater certainty, excepting RBC New York Branch) will be limited to only those Business Days on which Royal Bank is open for business for Royal Bank's customers; and

"**Canadian Statutory Holiday**" means New Years Day* (January 1), Good Friday, Victoria Day (third Monday in May), Canada Day* (July 1), Labour Day (first Monday in September), Thanksgiving Day (second Monday in October), Remembrance Day* (November 11), Christmas

Day* (December 25), Boxing Day* (December 26) or any other day on which Royal Bank is closed in the province in which the applicable branch of account is located. If any of the holidays noted by asterisks falls on a day that is a Saturday, Sunday, or another Canadian Statutory Holiday, the next business day will be deemed to be the date for such holiday for the purposes of this definition.

24.2 Direct Obligations. Par Crossed Cheques may only be issued by the Customer in payment of a direct obligation of the Customer to the Customer's payees and not in payment of an obligation of another Person. For example, Par Crossed Cheques may not be issued to pay the Customer's clients' obligations to their payees or any other Person.

24.3 Cheque Standards. Par Crossed Cheques will comply with Applicable Laws, including Standard 006, Part A of the CPA Rules, NACHA Rules, and the applicable standards and rules of the American Bankers Association. Royal Bank is not responsible for any delays or Losses resulting from the use of any Par Crossed Cheques which are not compliant with the foregoing.

24.4 Payment of Cheques. Royal Bank may pay any Par Crossed Cheque, including any image or reproduction in whole or in part of any Par Crossed Cheque or information contained therein, that is presented for payment to RBC New York Branch, unless: (i) the Customer has provided in writing to Royal Bank valid stop payment instruction on that Par Crossed Cheque, which Royal Bank has accepted no later than the Business Day preceding the date the Par Crossed Cheque is presented to RBC New York Branch, or as otherwise agreed to in writing by Royal Bank; or (ii) the Customer has advised Royal Bank in writing, no later than 12:00 noon New York time, the Business Day following presentation of the Par Crossed Cheque to RBC New York Branch, that the Par Crossed Cheque should be returned unpaid due to a problem with the Par Crossed Cheque, including if it contains any forged, missing, or unauthorized signature or alteration or if the Par Crossed Cheque is future-dated.

24.5 Stop Payments and Returns. The Customer will be solely responsible for providing instructions for the stop payment or return of a Par Crossed Cheque. If there is an intervening Canadian Statutory Holiday which is a Business Day for RBC New York Branch, between the date of presentment of the Par Crossed Cheque and the instruction deadlines referred to above, the instructions for stop payment or return may not be received in time to comply with return deadlines in New York and the Customer will be responsible for such Par Crossed Cheque paid by RBC New York Branch, or, should the cheque be returned to RBC New York Branch and the return subsequently disputed, the Customer will be responsible to reimburse RBC New York Branch. If Royal Bank receives instructions for a stop payment or return when RBC New York Branch is closed, the instruction will be deemed to have been made by the Customer on the next full Business Day on which RBC New

York Branch is open for the general conduct of its business with the public. If no instruction for stop payment or return is made as provided above and a Par Crossed Cheque is paid by RBC New York Branch, Royal Bank may debit such Par Crossed Cheque to the applicable US dollar Account, or any other Account.

PART C – GLOSSARY

25. Interpretation

In this Agreement: (i) all references to the this Agreement, including any Service Materials, or to any Document, product, or service, including the Services, or to any law, statute, regulation, guideline, policy, procedure, rule, standard, or directive, including any Applicable Laws, or otherwise, include same as may be amended, restated, supplemented, or otherwise modified from time to time; (ii) all references to any Person, including any Regulatory Authority, includes its successors and assigns; (iii) the division of this Agreement into Parts, Articles, Sections, subsections, and other subdivisions, and the insertion of headings, are for convenience of reference only and should not affect construction or interpretation; (iv) words denoting the singular number will include the plural, and vice versa; (v) words denoting the masculine gender include the feminine and neutral genders, and vice versa, as the context otherwise permits; (vi) the word "including" means "including without limitation", and the word "includes" means "includes without limitation"; (vii) all provisions, including all rights and obligations of the parties, are cumulative, and should not be interpreted as limiting any provision unless this intent is expressly indicated; (viii) the words "hereto", "herein", "hereof", "hereunder", "this Agreement", and similar expressions mean this Agreement as a whole, and not any particular Part, Article, Section, subsection, or other subdivision, unless the context otherwise requires; and (ix) unless otherwise specified, all dollar amounts referred to in this Agreement are in lawful money of Canada.

26. Definitions

In this Agreement, unless otherwise defined, capitalized terms have the meanings given below:

"Account" means a business deposit account provided by Royal Bank;

"ACSS" means the Automated Clearing Settlement System;

"Act of Insolvency" means any action that results, or might reasonably be expected to result, in the Customer: (i) being unable to pay its debts as they become due; (ii) ceasing to pay its current obligations in the ordinary course of business as they generally become due; or (iii) being deemed bankrupt or insolvent under Applicable Laws, including, if applicable, pursuant to the Winding-up and Restructuring Act (Canada);

“Agreement” means the Master Client Agreement for Business Clients and includes each Authorization Form, these Legal Terms and Conditions, and all Service Materials. Each Document forming part of the Agreement is deemed incorporated in the Agreement and each other part of the Agreement, immediately when given effect by Royal Bank, without any other action required by Royal Bank, the Customer, or any other Person;

“Applicable Laws” means all applicable laws, decrees, regulations, decisions, treaties, ordinances, rulings, judgments, injunctions, writs, orders and awards of any court, arbitrator or Regulatory Authority, all directives, guidelines, advisories and rulings issued or made by an applicable Regulatory Authority, and the constitution, rules, standards, directives, guidelines, operating or other circulars, regulations, customs and uses of the exchange, central or reserve banks, markets and clearinghouses or systems, including CPA Rules, NACHA Rules, SWIFT Documentation, and all applicable laws relating to anti-money laundering and anti-terrorist financing, in each case, applicable to this Agreement, the Services, Royal Bank, the Customer, their respective businesses, and any other Person that is part of or connected with any transaction under this Agreement, including any Person originating transactions processed under this Agreement or transmitting those transactions through a payments system or otherwise, and the Person receiving the aforementioned transactions, as the case may be;

“ATM” means automated teller machine;

“Authorization Form” means any Service Materials or other Document which identifies a Person to use the Services;

“Beneficiary” has the meaning given in Section 17.5;

“Certificate Holder” means an individual holder of a Digital Certificate issued by Royal Bank, and who is authorized to act on behalf of the Customer;

“Client Card” means a debit card issued by Royal Bank to the Customer, or any Person on the Customer’s behalf, with a unique card number, and includes the use of the unique card number;

“Confidential Information” means all information, other than Non-Protected Information, whether or not identified as confidential at the time of disclosure, relating to the businesses, operations, assets, clients and employees of the disclosing party or its affiliates, or the business of its suppliers and clients, whether provided by the disclosing party or its Representatives, at any time before or after the date of this Agreement, including notes, reports, summaries, analyses, compilations, memoranda, studies, interpretations and any other written or electronic materials or information communicated orally, which contain or otherwise reflect the disclosing party’s Confidential Information. For greater certainty, Confidential Information includes intellectual property rights of, and personal information provided by, the disclosing party, and

the fact that discussions or negotiations are taking place concerning the Services involving the parties, or any of the terms, conditions or matters then being discussed with respect to the Services, including their status;

“CP Act” means the Canadian Payments Act and the by-laws, regulations, standards, rules, and policies relating to the CPA;

“CPA” means the Canadian Payments Association;

“CPA Rules” means the rules, standards, guidelines, and directives of the CPA;

“Customer” means the Person who enters this Agreement or who is enrolled in, authorized for, or uses any Service, including the Person’s Representatives;

“Digital Certificate” means a certificate issued by Royal Bank to a Certificate Holder that contains an Encryption Certificate and a Signing Certificate;

“Digital Signature” means a transformation of a message using an asymmetric cryptography system such that Royal Bank, having received a Certificate Holder’s initial message and such Certificate Holder’s signature verification Public Key, can accurately determine whether the transformation was created using the signing Private Key that corresponds to such Certificate Holder’s signature verification Public Key and whether the message has been altered since that transformation was made;

“Disabling Code” means any clock, timer, counter, virus, worm, software lock, drop dead device, trojan horse routine, trap door, time bomb, or any other unauthorized codes, designs, routines or instructions that may be used to access, modify, replicate, distort, delete, damage or disable any Electronic Channel, including any related hardware or software;

“Dispute” means a cause of action, issue, disagreement or problem that may arise under or in connection with this Agreement;

“Document” means any agreement, amendment (including an amendment to this Agreement), statement, disclosure, notice, request, consent, information, instruction, communication, Instrument, Service Materials, or other document, including any of the foregoing made, drawn, accessed, sent, received, accepted, endorsed, negotiated, signed, or processed verbally or in paper or electronic form through any Electronic Channel;

“EDI” means Electronic Data Interchange, the computer-to-computer electronic exchange of Documents in the format prescribed by CPA Rules;

“Electronic Channel” means any telecommunication or electronic transmission method which may be used in connection with the Services, including any ATM, computer, email, facsimile, Internet, mobile device, mobile phone, network, personal digital assistant, point-of-sale terminal, smart phone, SWIFT or SWIFT Network, telephone, wire transfer system, or wireless device;

“Encryption Certificate” means a certificate that is comprised of an encryption Public Key that corresponds to a decryption Private Key that is subject to the exclusive access of a Certificate Holder;

“Force Majeure” means any event, act, or omission beyond the reasonable control of a party exercising reasonable foresight and diligence, including a labour dispute, act of God, flood, fire, lightning, severe weather, shortage of materials, interruption in, or shortage of, the supply of electric power or other utilities, earthquake, act of terrorism, war, revolution, civil commotion, act of public enemies, blockade, embargo, pandemic disease, or any law, order, proclamation, regulation, ordinance, demand or requirement having legal effect of any Regulatory Authority or Applicable Laws;

“GIC” means guaranteed investment certificate;

“Instrument” means a bill of exchange (including a cheque), promissory note, security, chattel paper, other instruction or order for the payment of money given verbally or in paper or electronic form, clearing item, payment item, or other value item (including any automated clearing house payment, pre-authorized deposit or debit payment), including any image or reproduction of the foregoing. Any such item will be considered an Instrument whether or not that Customer is a party to it and whether it is in Canadian or another currency;

“Joint Banking” means any Service or OPS that is provided on a joint basis to the Customer where the Customer consists of more than one Person;

“Legal Terms and Conditions” mean the terms and conditions herein contained;

“Losses” means all losses, claims, damages, costs, fees and charges, expenses and other liabilities, including reasonable legal and professional fees and disbursements and costs of investigation, litigation, settlement, judgment, interest, penalties and sanctions;

“LVTS” means the Large Value Transfer System;

“MA-CUG” means Member-Administered Closed User Group, a SWIFT-operated, member-managed service that can use the SWIFT Network;

“MICR” means Magnetic Ink Character Recognition;

“Money Service Business” and **“MSB”** means the carrying on or participating in any one of the following activities: (i) currency dealing or exchanging; (ii) issuing, selling or redeeming traveller’s cheques, drafts, or money orders or any similar negotiable instruments, except for cheques payable to a named Person; or (iii) the accepting of currency or funds and the transmitting of such funds through a financial institution, or any other Person engaged in an MSB or an electronic funds network; provided that in the case of (i) and (ii) only, no such activity will be considered to be an MSB unless it shall include, on any day and with any

one Person, at least one transaction in an amount of not less than \$1,000, and, for such purposes, any two or more transactions within a twenty-four (24) hour period with the same Person will be considered to be a single transaction of not less than \$1,000 if the aggregate amount of such two or more transactions shall be not less than \$1,000. In addition to (i) to (iii) above, in every instance that a Person holds a permit or a licence relating to a form of MSB activity not specifically enumerated in (i) to (iii) above or is registered as someone engaging in the activity of an MSB, advertises the activity of an MSB by way of or through the Internet, the yellow pages or other medium, or reports income from an MSB as income from a separate business for tax purposes, then such Person shall be deemed to be operating an MSB. Notwithstanding the above, if Royal Bank specifically approves, in writing, the operations of such business, for the purpose of this Agreement, such business shall be deemed not to be included in this definition;

“NACHA” means the National Automated Clearing House Association;

“NACHA Rules” means the rules, standards, guidelines, and directives of NACHA;

“Non-Protected Information” means information which: (i) is or becomes generally available to the public other than as a result of a breach of this Agreement; (ii) was within the possession of a party on a non-confidential basis prior to being provided to it by or on behalf of the other party; (iii) is or becomes available to a party on a non-confidential basis from a source other than the other party or its Representatives, which source, to the best of party’s knowledge, is not prohibited from disclosing such information by a legal, contractual or fiduciary obligation; or (iv) is or was independently developed by a party without the use of the other party’s Confidential Information;

“OPS” means other products or services provided by Royal Bank or any other Person, other than the Services;

“Par Crossed Cheques” are cheques issued with MICR codes complying with standards set by the American Bankers Association for clearing cheques in the US, and that are drawn in US dollars on the Customer’s US dollar Accounts listed in the applicable Schedule and bearing the information “payable in United States Currency through Royal Bank of Canada, New York Branch, 3 World Financial Center, New York, NY 10281 – 8098”;

“Person” means an individual or natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability corporation, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or Regulatory Authority, and pronouns have a similar extended meaning;

“**Private Key**” means the key of a mathematically related key pair used to create a Digital Signature (using a signing Private Key) or decrypt an encrypted message (using a decryption Private Key);

“**Public Body**” means a department or agent of Her Majesty in right of Canada or a province, or a company controlled by Her Majesty in right of Canada or a province, an incorporated city, town, village, metropolitan authority, township, district, county, rural municipality, or other incorporated municipal body or agent of any of them in Canada, an organization that operates a hospital authority and is designated by the Minister of National Revenue (Canada) as a hospital authority under the Excise Tax Act (Canada), or any agent of such an organization;

“**Public Key**” means the key of a mathematically related key pair used to verify a Digital Signature (using a signature verification Public Key) or to encrypt a message (using an encryption Public Key);

“**Publicly Traded Entity**” means an entity whose net assets are greater than Seventy-Five Million Canadian Dollars (CAD \$75,000,000) (current audited statements) and whose shares are publicly traded in a stock exchange recognized in Section 3201 of the Canadian Income Tax Regulations and operates in a country that is a member of the Financial Action Task Force on Money Laundering, or is a directly or indirectly wholly-owned entity of same;

“**RBC New York Branch**” means Royal Bank of Canada, New York Branch, 3 World Financial Center, New York, NY 10281 – 8098;

“**Regulatory Authority**” means any Person having regulatory or supervisory authority over Royal Bank, the Customer, or the Services, including any administrative, judicial, governmental, regulatory, or self-regulatory, taxation, financial, monetary, or investigative authority, agency, or body, including the CPA and SWIFT;

“**Representatives**” mean directors, officers, employees, signing authorities, agents, contractors, subcontractors, service providers, consultants, internal or external auditors, legal or other professional advisors, or other Persons acting on a party’s behalf, including a Person specified in an Authorization Form and the Person’s delegates;

“**Request for Transfer**” means a request for transfer sent using the SWIFT Network, as an MT 101 message type;

“**Restricted Business**” means any Person, or Person owned or controlled directly or indirectly by a Person, that owns, operates, controls or receives revenue from an Internet or online gambling business or operation, a shell bank, or is a business engaged in or associated with an improper, illegal or unlawful activity, or any other business that Royal Bank may, in its discretion, determine to be a restricted business;

“**Royal Bank**” means Royal Bank of Canada;

“**Royal Bank Prime Rate**” means the annual rate of interest Royal Bank announces from time to time as a reference rate for determining interest rates on Canadian dollar commercial loans in Canada;

“**Schedule**” has the meaning given in Section 1.2;

“**SCORE**” means the Standardised Corporate Environment, which enables businesses to use the SWIFT Network;

“**Security Device**” means a security device, including a card, token, code, password, identification number, certificate, test key and other security codes and devices, including a business client identification number, Client Card, or Digital Certificate;

“**Service**” means each of Royal Bank’s business products or services provided to or used by the Customer, including any account, credit, cash management, investment, or payment products or services;

“**Service Materials**” means all hardware, software, equipment, information, or other Documents provided by Royal Bank for the Services, including all Schedules, Security Devices, rules and manuals of operation, guides, training materials, reference materials, or other Documents applicable to the Services;

“**Signing Certificate**” means a certificate that is comprised of a signature verification Public Key that corresponds to a signing Private Key subject to the exclusive access of the Certificate Holder;

“**SWIFT**” means the Society for Worldwide Interbank Financial Telecommunication SCRL;

“**SWIFT Documentation**” means all SWIFT agreements, terms, conditions, standards, orders, directives, guides, and procedures, including the SWIFT General Terms and Conditions;

“**SWIFT Network**” means the computer link system operated by SWIFT;

“**US**” means the United States of America; and

“**US Base Rate**” means the annual rate of interest Royal Bank announces from time to time as a reference rate for determining interest rates on US dollar commercial loans in Canada.

RBC RIGHT PAY RELOADABLE PAYMENT CARD PROGRAM

DELIVERY AGENT AGREEMENT

This RBC Right Pay Reloadable Payment Card Program Service Delivery Agent Agreement (“**Agreement**”) dated as of _____ (the “**Effective Date**”) between Royal Bank of Canada (the “**Bank**”) and _____ (the “**Delivery Agent**” or “**DA**”) is subject to the Master Client Agreement (“**Banking Agreement**”) dated as of _____ as amended from time to time, between the Bank and the DA.

Whereas the Bank is in the business of, among other things, issuing payment cards and the DA has requested the Bank to provide such services;

Whereas Her Majesty the Queen in right of Ontario as represented by the Minister of Children, Community and Social Services (the “**Ministry**”) and the Bank entered into a contract for a Reloadable Payment Card Program for Social Assistance effective February 21, 2019 (“**Ministry Contract**”);

Now therefore, in consideration of the premises and the terms and conditions contained herein, the Bank and the DA agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions. All capitalized terms used in this Agreement without definition have the meanings ascribed to them in the Banking Agreement. In addition, in this Agreement the following terms shall have the meanings set out below:

- (a) “**Activated Card**” means a Prepaid Card (i) where the identity of the Cardholder has, for the purposes of activating the Prepaid Card, been authenticated and confirmed by the Bank after Card Issuance; (ii) is capable of being used by the Cardholder for Transactions, in each case, in accordance with a Cardholder Agreement; (iii) is not expired or declared lost, stolen or damaged; and (iv) is not a Suspended Card or Closed Card;
- (b) “**AML Policy**” means the policy or policies that address Requirements of Law relating to anti-money laundering and terrorist financing in relation to Prepaid Cards, including under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, the regulations issued under such statute from time to time, and any statute, regulation, order, rule, or guideline that amends, supplements, or supersedes any of the foregoing and may include, if applicable, scanning or other screening with respect to Clients or Cardholders;
- (c) “**Appendices**” means all appendices attached to this Agreement, each of which forms a part hereof;
- (d) “**Applicable Visa Rules**” has the meaning set out in section 2.3;
- (e) “**Authority**” means any government authority, agency, body or department, whether federal, provincial or municipal, having or claiming jurisdiction over the Agreement; and

- “Authorities”** means all such authorities, agencies, bodies and departments;
- (f) **“Authorized Instructions”** means instructions given by an DA official who has the authority to give such instructions on behalf of the DA with respect to the Card Services;
- (g) **“Authorized Party”** has the meaning set out in section 14.1;
- (h) **“Available Balance”** means the Card Proceeds that are available to the Cardholder at a given moment in time;
- (i) **“Bank Confidential Information”** means with respect to the Card Services provided pursuant to this Agreement and any Statement of Work, all information, other than Non-protected Information, whether or not identified as confidential at the time of disclosure, relating to the businesses, operations, assets, clients and employees of the Bank or its affiliates, or the business of its suppliers and clients, whether provided by the Bank or its representatives, at any time before or after the Effective Date of this Agreement, including notes, reports, summaries, analyses, compilations, memoranda, studies, interpretations and any other written or electronic materials or information communicated orally, which contain or otherwise reflect the Bank’s Confidential Information. For greater certainty, Bank Confidential Information includes Intellectual Property Rights of the Bank with respect to the Card Services provided pursuant to this Agreement and any Statement of Work, and Personal Information provided by the Bank to the Ministry or DA or both and the fact that discussions or negotiations are taking place concerning this Agreement or with respect to any current or future Program, or any of the terms, conditions or matters then being discussed with respect to this Agreement or any Program, including their status;
- (j) **“Benefits”** means Basic Financial Assistance paid directly to a recipient or other adult member of the benefit unit pursuant to the *Ontario Works Act*;
- (k) **“Card”** or **“Prepaid Card”** means an open-loop, stored value prepaid Visa card issued by the Bank in Canadian currency, bearing the name and Marks of the Bank and Visa-owned Marks, and incorporating the card design, characteristics and functionality outlined in the applicable Statement of Work;
- (l) **“Card Custody and Inventory Guide”** means the RBC Right Pay Program Card Custody and Inventory Guide effective November 19, 2015, as agreed upon in writing by the Parties as of the Effective Date and as may be amended as agreed upon by the Parties from time to time, the current form of which is attached as Appendix I to this Agreement;
- (m) **“Card Issuance”** means the process by which a Prepaid Card becomes an Issued Card;
- (n) **“Card Proceeds”** means the funds or value that are Loaded onto a Prepaid Card;
- (o) **“Card Services”** means the services to be provided by the Bank under this Agreement and any Statement of Work attached hereto with respect to the administration, delivery and program system requirements of one or more Programs and the issuance of Prepaid Cards;

- (p) **“Cardholder”** means an individual that: (i) is entitled to receive Benefits; (ii) has entered into a Cardholder Agreement; and (iii) has been provided with a Prepaid Card pursuant to a Program;
- (q) **“Cardholder Agreement”** means the agreement between the Bank and a Cardholder setting out the terms and conditions governing the use of the Prepaid Card by the Cardholder;
- (r) **“Cardholder Fees”** means any and all fees that may be levied against a Cardholder by the Bank as set forth in the applicable Statement of Work and in the applicable Cardholder Agreement;
- (s) **“Client”** means an individual who receives Benefits from the DA;
- (t) **“Closed Card”** means a Prepaid Card that has been deactivated by the Bank, and cannot be used again by the Cardholder or reactivated by the Bank;
- (u) **“Collateral Material”** means any printed, electronic, broadcasted, or other material in any form used to define the use of Prepaid Cards by Cardholders or used by the Bank or the DA to communicate with Clients or Cardholders regarding the Prepaid Cards, including the content of any Program specific information developed by the Bank prior to its posting on the Consumer Website, the card carrier, any disclosure statements and any other information provided to the Client when the Card is issued but excluding the Cardholder Agreement;
- (v) **“Consumer Website”** means a Program-specific website where Cardholders can manage the functionalities of their Prepaid Card, as specified in the applicable Statement of Work;
- (w) **“Contingency Plans”** has the meaning set out in section 12.5;
- (x) **“Data Breach”** has the meaning set out in section 9.2(d);
- (y) **“Engagement Manager”** has the meaning set out in section 14.2(a);
- (aa) **“Enrolled”** or **“Enrolment”** means the process used by the DA to accept Clients for inclusion in a Program and includes creating a new Prepaid Card file for each Client containing the Client’s Personal Information, as required by the Bank for Card Issuance;
- (bb) **“Funding Account(s)”** means the Canadian dollar bank accounts in the DA’s name at the Bank from which the DA will disburse funds from time to time for use with one or more Programs, as more particularly described in a Statement of Work;
- (cc) **“including”, “include”** and similar terms shall be deemed to be followed by the words “without limitation”;
- (dd) **“Interchange”** means the fees paid by an acquirer to the Bank in the clearing and Settlement of Transactions, as established by Visa from time to time;

Schedule 2

- (ee) **“Issued Card”** means a Prepaid Card issued to a Cardholder who has been Enrolled in the Program but that is not yet an Activated Card;
- (ff) **“Licensor”** has the meaning set out in section 7.1;
- (gg) **“Load”, “Loaded” and “Loading”** means the allocation of funds or value to a Prepaid Card by the Bank from time to time, in each case, as instructed by the DA or another Participating Program;
- (hh) **“Marks”** means the logos, trademarks, official marks and trade names of a Party;
- (ii) **“Non-protected Information”** means information which: (i) is or becomes generally available to the public other than as a result of a breach of this Agreement by the DA; (ii) was within the possession of the DA on a non-confidential basis prior to being provided to it by or on behalf of the Bank; (iii) is or becomes available to the DA on a non-confidential basis from a source other than the Bank or its representatives, which source, to the best of the DA’s knowledge, is not prohibited from disclosing such information by a legal, contractual or fiduciary obligation; or (iv) is or was independently developed by the DA without the use of the Bank’s Confidential Information;
- (jj) **“Participating Program”** means the Ontario Disability Support Program Reloadable Prepaid Card program or an Ontario Works Reloadable Prepaid Card program that is participating in the RBC Right Pay Program.
- (kk) **“Party”** means the Bank or the DA, as the case may be; and **“Parties”** means both of them;
- (ll) **“PIN”** means a personal identification numeric code (currently a four-digit code) that is selected by the Cardholder as part of the activation process following Card Issuance and is used to identify a Cardholder in an authorization request originating at a device with electronic capacity;
- (mm) **“Processing Services”** means those services which are necessary to issue and service a Prepaid Card and process a Prepaid Card Transaction in accordance with Requirements of Law and the Visa Rules;
- (nn) **“Processor”** means the Prepaid Card processor subcontracted by the Bank to provide the Processing Services under this Agreement, including any applicable Statement of Work;
- (oo) **“Program”** means a program for the provision of Benefits to Clients through the use of the Card Services, as set out in further detail in a Statement of Work attached hereto; each Program shall constitute a Deliverable for the purpose of the Banking Agreement;
- (pp) **“Program Manager”** has the meaning set out in section 14.2(b);
- (qq) **“Program Revenues”** means all income derived by the Bank from a Cardholder’s use of a Prepaid Card or participation in a Program, including Cardholder Fees and Interchange revenues generated by or accruing under a Program;
- (rr) **“Representatives”** has the meaning set out in section 9.1(a);
- (ss) **“ Program Requests”** means instructions originating from the Social Assistance Management System (SAMS) and delivered to the Bank via web service call for the

purposes of operating the Program.

- (tt) **“Requirements of Law”** means all applicable requirements, laws, statutes, codes, acts, ordinances, orders, decrees, injunctions, by-laws, rules, regulations, official plans, permits, licences, authorisations, directions, and agreements with all Authorities that now or at any time hereafter may be applicable to either this Agreement or the Statement of Work or any part of them;
- (uu) **“Service Levels”** means, in respect to a Program, the Service Levels as attached to the applicable Statement of Work;
- (vv) **“Settlement”** means the movement and reconciliation of funds between the Bank and Visa in accordance with the Visa Rules in respect of Prepaid Card Transactions;
- (ww) **“Settlement Account”** means the Canadian dollar bank account(s) in the Bank’s name into which the Bank will, at the request of the DA, transfer and deposit Card Proceeds from the Funding Accounts and from which the Bank will undertake Settlement with Visa;
- (xx) **“Statement of Work”** means a statement of work between the Bank and the DA that sets out, among other matters, a description of a Program, in each case attached hereto as an Appendix;
- (yy) **“Suspended Card”** means a Prepaid Card temporarily put into abeyance by the Bank that can no longer be used by the Cardholder for Transactions, in accordance with the Cardholder Agreement, until such Prepaid Card has been reactivated by the Bank;
- (zz) **“Tokens”** means the Personal Information of a Client provided by the DA to the Bank which the Bank uses for various purposes, including to identify and authenticate the identity of a Cardholder for Card Issuance or to activate a Prepaid Card, to provide Cardholder support, and as provided for in a Statement of Work;
- (aaa) **“Transaction”** means a Prepaid Card transaction that is processed through Visa and its members or through the Bank, including (if applicable) purchases, cash withdrawals from ATMs, and card-not-present online and telephone transactions;
- (bbb) **“Unauthorized Use”** has the meaning set out in section 5.12(d)(iii);
- (ccc) **“User”** has the meaning set out in section 7.1;
- (ddd) **“Visa”** means collectively, Visa Inc. and Visa Canada Corporation;
- (eee) **“Visa-Owned Marks”** means the logos, trademarks, and trade names owned by Visa as described in the Visa Product Brand Standards, as such rules or standards are amended or replaced from time to time;
- (fff) **“Visa Plus Network”** is an interbank network that covers all Visa credit, debit and prepaid payment cards as well as ATM cards issued by various banks worldwide; and
- (ggg) **“Visa Rules”** means, collectively, the Visa Core Rules, the Visa Product and Service Rules, the Visa Product Brand Standards, including the Visa Security Standards and the Visa

Security Requirements, and the Visa International Prepaid Program Guidelines, as each may be amended, revised or replaced from time to time.

1.2 Structure

In the event of any conflict or inconsistency between this Agreement, any Statement of Work attached hereto, and the Banking Agreement, with respect to the Card Services, unless expressly stated to the contrary, the following order of priority shall govern: first, this Agreement, second, the Statement of Work and third, the Banking Agreement.

For clarification, the Deliverables include the deliverables under Card Services.

**ARTICLE 2
PROGRAM**

2.1 Purpose

The purpose of this Agreement is to describe the terms and conditions under which the Parties will implement each Program.

2.2 Statement of Work

Each Program shall be evidenced by a Statement of Work, which shall describe the Program and any additional rights and obligations of the Parties and the DA, including, as applicable:

- (a) Program specific definitions;
- (b) Prepaid Card design, characteristics and functionality including, without limitation, Cardholder access to funds;
- (c) Prepaid Card activation and PIN selection;
- (d) Use of the Prepaid Card, including without limitation, restrictions, if any;
- (e) Cardholder disclosures, including disclosures relating to fees and other important information about the Program;
- (f) Cardholder support requirements including customer service requirements;
- (g) Replacement of lost/stolen or damaged cards including, among other things, (i) the requirements and procedures for the suspension and reinstatement of the Prepaid Card, and (ii) the process and requirements for issuing replacement Prepaid Cards;
- (h) Reissuance of a Prepaid Card at expiry;
- (i) The process for designating a Prepaid Card a Closed Card;

Schedule 2

- (j) Privacy and confidentiality requirements applicable to the Cardholder;
- (k) Training, including the availability of Bank product and application training materials for use by the DA and details regarding any user guides and manuals to be provided by the Bank as required by a Program;
- (l) Program Systems Requirements including:
 - (i) Prepaid Card funding data transfer and management requirements;
 - (ii) Client Enrolment in the Program;
 - (iii) Card issuance requirements and procedures including, if applicable, procedures and requirements for instant Card Issuance, Prepaid Card storage at DA offices and compliance with the Card Custody and Inventory Guide;
 - (iv) Loading and reloading of Card Proceeds including operation of applicable accounts, permitted circumstances and procedures for recalling unprocessed files before Card Proceeds are Loaded and unloading Card Proceeds up to the Available Balance;
 - (v) Profile updates;
 - (vi) Plans for user acceptance testing/integrated testing, penetration testing and service support to be provided by the Bank;
 - (vii) Technology solutions in respect of the Program;
- (m) Accessibility channels available for the Program;
- (n) Future proofing requirements;
- (o) Warranties;
- (p) Program pricing including:
 - (i) Any amounts payable by the DA to the Bank;
 - (ii) Card Services Program fees;
 - (iii) Cardholder Fees and Transaction limits;
- (q) Applicable Service Levels, including impact of Prepaid Card volume forecast reporting;
- (r) Bank reporting requirements;
- (s) Program implementation;
- (t) Use of Marks;
- (u) Data Transfer and management; and

- (v) Details regarding program governance.

2.3 Visa Rules

The Parties acknowledge that the participation of the Bank in a Program is governed by the Visa Rules and that the DA is required to comply with those Visa Rules, including requirements or procedures which are mandated by Visa, applicable to a Program, that the Bank may notify the DA of in writing from time to time (the “**Applicable Visa Rules**”). The Bank confirms that it will notify the Engagement Manager and the Program Manager of any changes or amendments to the Applicable Visa Rules that may occur from time to time and shall provide the DA with an updated copy of the Applicable Visa Rules. The Bank covenants that it will comply with the Visa Rules in carrying out its obligations under this Agreement and any Statement of Work.

2.4 Ownership and Control of the Program

Each of the Parties acknowledges and agrees that:

- (a) the DA determines the eligibility of a Client to receive Benefits and to access Benefits through a Prepaid Card;
- (b) notwithstanding Section 2.4(a) of this Agreement, the Bank may,
 - (i) in accordance with Bank policies and procedures, decline to issue, re-issue or replace a Prepaid Card, including if required pursuant to a Requirement of Law but will, in each case, use best efforts to notify the DA of any such decline as soon as possible; and
 - (ii) in accordance with Bank policies and procedures, decline to process Transactions, including if required pursuant to a Requirement of Law; and
- (c) upon a Client becoming a Cardholder, the Cardholder shall become a “customer” of the Bank as described in the Cardholder Agreement but only for the limited purposes as described in the Cardholder Agreement.

2.5 Visa-Owned Marks

The DA acknowledges and covenants with the Bank that, in the event that a Program uses Visa-Owned Marks:

- (a) Visa International owns the Visa-Owned Marks;
- (b) it will not challenge such ownership or do anything inconsistent with such ownership;
- (c) its license to use the Visa-Owned Marks is governed by the Visa Rules applicable to Visa-Owned Marks, and, with respect to its use of the Visa-Owned Marks, the DA will comply with the terms and conditions of such Applicable Visa Rules as they may be amended or replaced from time to time provided that the Bank provides the DA with notice and copies of, and any amendments to, the Applicable Visa Rules from time to time;

- (d) it will ensure that use of the Visa-Owned Marks will be for the benefit of and on behalf of Visa; and
- (e) Program materials that contain Visa-Owned Marks will only be produced or used for a Program by the DA with the Bank's prior approval and will be provided by the DA to the Bank for disclosure to Visa upon the request by Visa or its Representatives, as appropriate.

2.6 Visa-Requirement for Approval

The Parties acknowledge that Visa may withdraw its consent to a Program if the Bank violates the Visa Rules. The DA agrees to comply with:

- (a) the Card Custody and Inventory Guide; and
- (b) the Applicable Visa Rules.

The Bank agrees to advise the Engagement Manager and the Program Manager promptly of any notice of default received from Visa and the Parties agree to cooperate on any reasonable remedy required by Visa as set out in Section 2.7 of this Agreement.

2.7 Violation of Visa Rules

The Parties acknowledge that if Visa determines that the Bank has violated the Visa Rules or that the DA has violated the Card Custody and Inventory Guide or the Applicable Visa Rules, Visa may:

- (a) require modification of any Program, including suspension of the Program;
- (b) impose fines; or
- (c) terminate the Program with at least 60 calendar days' prior written notice to the Bank.

If Visa provides notice to the Bank that it intends to terminate a Program, the Bank will promptly notify the DA of such notice and the DA will cooperate with the Bank to have the notice of termination withdrawn, but if such termination becomes effective then the Program will automatically terminate on the effective date of such termination and subsections (e), (f) and (g) of Section 13.1 of this Agreement shall apply.

ARTICLE 3 DUTIES OF THE DA

3.1 Cardholder Disclosure and Express Consent

The DA agrees that it will provide any and all disclosures prepared by the Bank and approved by the DA to a Client who is considering receiving Benefits through Prepaid Cards. The DA also agrees that it will obtain the express consent of a Client, in writing or orally, prior to issuing a Prepaid Card, in the manner agreed to between the DA and the Bank as provided for in the Statement of Work.

If a Statement of Work provides that the DA may instantly issue new or replacement Prepaid Cards in

respect of a Program, the DA agrees that a sealed Card Package (as defined in the applicable Statement of Work) will be provided to each Cardholder as instructed by the Bank, in each case, as set out in further detail in the applicable Statement of Work and any applicable Bank training, policies and procedures delivered to the DA.

3.2 Training

The Bank shall assist the DA with appropriate training pursuant to a training program as set out in the applicable Statement of Work which could include, for example, (i) product knowledge, so that DA employees are able to respond to Client and Cardholder inquiries in respect of Prepaid Cards; and (ii) employee protocols with respect to providing Clients and Cardholders with all required disclosures including the Card Package in circumstances where a new or replacement Prepaid Card is instantly issued by the DA. The DA agrees that employees will be trained and instructed in accordance with such training program.

3.3

(a) Volume Forecast

Each month, commencing on the first month after the effective date of a Statement Of Work, and with respect to each Program, for the purposes of managing Cardholder support services, the DA will provide the Bank, via the Ministry with a rolling monthly Prepaid Card volume forecast for new Card Issuances in a timely manner no later than the fifteenth (15th) Business Day of immediately preceding month. The DA acknowledges that failure to provide such card volume forecast may impact Service Levels as set out in the applicable Statement of Work.

- (b) Each month, commencing on the first month after the effective date of a Statement Of Work, and with respect to each Program, for the purposes of managing card stock inventories, the DA will provide the Bank, via the Ministry, with a three month rolling Prepaid Card volume forecast for all Card Issuances (including instant issuance, reissuance and replacement cards) in a timely manner no later than the fifteenth (15th) Business Day of the immediately preceding month. The DA acknowledges that failure to provide such card volume forecast may impact Service Levels as set out in the applicable Statement of Work.

ARTICLE 4 DUTIES OF THE BANK

4.1 Card Services

The Bank agrees to provide the Card Services in respect of the Prepaid Cards in accordance with the terms and conditions of this Agreement and the Banking Agreement, including any applicable Statement of Work and Service Levels.

4.2 Visa Membership

The Bank will manage the overall relationship with Visa to ensure Program compliance with the Visa Rules and Settlement of Transactions.

4.3 Cardholder Solicitation

The Bank will not solicit Cardholders, in their capacity as Cardholders, for additional business with the Bank, without the prior express written consent of the DA and the express written consent of the Cardholder; provided, however, that notwithstanding any restrictions in the Banking Agreement, the Bank may solicit any Cardholders who have a contractual relationship with the Bank independent of the Cardholder's participation as a Cardholder in a Program, approach the Bank directly, or are included in a mailing list or marketing campaign that is unrelated to any Program.

4.4 Change Management

- (a) Notwithstanding anything to the contrary in the Banking Agreement, in the event that the Bank determines, upon consultation with its counsel, that Requirements of Law or the Visa Rules require a modification to a Program or to any Card Services contemplated by this Agreement, including a determination that Requirements of Law have been changed or passed in the Province of Ontario or another jurisdiction that prohibit or place restrictions on the distribution of Prepaid Cards in the manner contemplated, then the Bank shall provide the DA with written notice of such determination, and each Party shall cause itself and its agents, vendors, and/or third party service providers to take reasonable steps to avoid violating such Requirements of Law or the Visa Rules, as applicable, which the Parties acknowledge and agree may require suspending the issuance of new Prepaid Cards. For clarity, unless otherwise provided by Requirements of Law, during any Program suspension, the Bank shall (i) continue to Load Prepaid Cards issued to Cardholders prior to any Program suspension until such time that the Program is terminated; and (ii) permit Cardholders to continue to use Prepaid Cards to access Card Proceeds until the Prepaid Card has a zero balance. If a modification is determined to be required, the Parties shall work in good faith to minimize the cost and expense of any efforts with respect to avoiding violating such Requirement of Law or Visa Rules, as applicable, and to negotiate the nature, scope and the costs associated with such required change. The Parties shall use reasonable efforts to implement a mutually desirable project plan as expeditiously as possible. Any such modifications or changes to Card Services shall not be effective until a written amendment reflecting the modification or change has been executed by the Parties. If the Parties cannot minimize the cost or expense of any such efforts to their satisfaction or otherwise agree on a project plan, each Party shall be entitled to terminate the affected Program(s) by providing sixty (60) days' prior written notice. Notwithstanding the foregoing, where Bank and the Ministry agree that a change is required that affects more than one Participating Program, the Bank and Ministry will work in good faith to develop as expeditiously as possible a project plan that applies to applicable Participating Programs.
- (b) If a change is required to a Program as a result of a change in Requirements of Law to the *Ontario Works Act, 1997*, passed in the legislature of the province, or to the corresponding regulations under the *Ontario Works Act, 1997*, then any costs associated with implementing the required change in accordance with this Section 4.4(a) shall be at the DA's own cost.

**ARTICLE 5
CARDS**

5.1 Owner and Issuer of Prepaid Card

The Prepaid Card shall clearly disclose the Bank is issuing and is the owner of the Prepaid Card, and it must be clear from the design of the Prepaid Card that the Prepaid Card is issued by the Bank and not by the DA. It must also be clear from the design of the Prepaid Card that it is not issued in respect of a Benefit.

5.2 Design of Prepaid Card

Each Prepaid Card design must comply with the requirements specified in the Visa Rules and it will be the responsibility of the Bank to ensure that all designs used on the Prepaid Cards remain in compliance with the Visa Rules. Each Prepaid Card design shall be agreed to by the Ministry and the Bank. Notwithstanding anything to the contrary in the Banking Agreement, any such agreed upon Prepaid Card design may be changed by the Bank at any time in its sole discretion if a change is required in order to comply with the Visa Rules, Requirements of Law, or any other reason, provided that the Bank agrees to give reasonable notice, if possible, to the Engagement Manager and Program Manager of such change. The DA acknowledges and agrees that the Bank owns all Intellectual Property Rights in respect of the Prepaid Cards and that the Bank shall have the right to use, in its sole discretion, cards similar or identical to any Prepaid Card in connection with services provided by the Bank other than pursuant to a Program.

5.3 Card Programs

- (a) The Parties agree that the Prepaid Cards in respect of a Program are only to be used as described in the applicable Statement of Work.
- (b) Each Program shall comply with Requirements of Law.
- (c) The Bank shall ensure that for the purposes of providing Processing Services, the Processor shall maintain its information security policy in compliance with the Requirements of Law, as amended, and the Payment Card Industry Data Security Standard (PCI DSS) in effect from time to time, or such other industry standards as may be applicable from time to time.
- (d) The Bank agrees that the Prepaid Cards and all Cardholder Fees charged in connection therewith must be compliant with Requirements of Law.
- (e) If a Program includes instant issuance of Prepaid Cards, for any and all Prepaid Cards that are maintained in the DA's possession or control, the DA shall comply with the Card Custody and Inventory Guide. The Bank agrees to notify the Engagement Manager and the Program Manager of any changes or amendments to Appendix I that may be required from time to time and agrees to provide an updated copy of Appendix I to be attached to this Agreement to the DA.

5.4 Prepaid Card Funding

- (a) To provide Benefits to one or more Cardholders, the DA shall provide a request to the Bank (each a “**Request**”), requesting the Bank to Load/reload funds to Prepaid Cards in the amount specified and once completed have the equivalent funds deducted from the designated Funding Account and transferred to the Settlement Account. Each Request shall be made in the form and/or manner specified in the applicable Statement of Work. The DA shall ensure that the Funding Account has sufficient funds to fund each Request.
- (b) Prepaid Cards may only receive Card Proceeds from the DA or other Participating Programs, in accordance with the applicable Statement of Work, and will not have the capability to receive Card Proceeds from any other sources, including Cardholders.

5.5 Handling of Card Proceeds and Settlement of Account Funds

It is understood that, once Loaded, the Card Proceeds are available for use by the Cardholder and, subject to the Cardholder Agreement, become an enforceable obligation of the Bank to settle Transactions made by the various Cardholders. Card Proceeds contained in the Settlement Account shall not earn any interest.

5.6 Termination of Cardholder Participation in Program.

In the event that the DA is advised or becomes aware that a Cardholder desires to terminate his or her participation in a Program, the DA agrees to immediately cease submitting Requests in respect of such Cardholder.

5.7 Recall of Funds

In the event that the DA determines that a Request includes an error which would result in an incorrect transfer of funds being deposited into the Settlement Account, the Bank shall reverse such error in accordance with cut-off times as provided for in the Statement of Work provided such funds have not been Loaded onto a Cardholder’s Prepaid Card.

5.8 Recall Functionality

[Where provided for in a Statement of Work,] the Bank will make available a web-based program management application interface to allow the DA to access the Prepaid Card database to recall records within cut off times that will be outlined in the Service Levels.

5.9 Unloading of Funds

- (a) The DA may request that the Bank unload Card Proceeds up to the Available Balance only under exceptional circumstances, as provided for in the Statement of Work. The Cardholder Agreement shall set out the Bank’s authority to unload Card Proceeds as instructed by the DA.

- (b) Each request made by the DA to the Bank under the circumstances set out in Section 5.7 above, Section 5.9(a) above, or in this Section 5.9(b) and the applicable Statement of Work must comply with the Authorized Instruction provisions agreed to by the Parties, including as set out in the applicable Statement of Work and must specify whether or not the Card will become a Closed Card.
- (c) The Bank shall not be responsible for any Card Proceeds up to the Available Balance used prior to any Card Proceeds being unloaded by the Bank or for any Card Proceeds unloaded by another Participating Program and the Bank shall not reverse any processed Transaction. In all cases, only the Available Balance on a Card may be unloaded such that the Card will not be put into a negative balance position. Except as otherwise specified in any Statement of Work, any unloaded Available Balance shall be deposited by the Bank into the Funding Account from which it was disbursed for further action by the DA.

5.10 Card Suspension

- (a) The Bank shall have the right to change a Prepaid Card's status from Activated Card to Suspended Card, provided that the Bank acts reasonably, including in accordance with Requirements of Law and the Visa Rules. In the event a Prepaid Card is suspended by the Bank, the Bank shall have no obligation to make any Card Proceeds available to the Cardholder during the suspension period until a replacement Prepaid Card is issued to the Cardholder. Upon changing a Prepaid Card's status to Suspended Card, the Bank will immediately initiate an investigation and will determine, through an internal process based on the Bank's policies and procedures, whether to lift the suspension, issue the Cardholder a replacement Prepaid Card or change the Prepaid Card's status from Suspended Card to Closed Card.
- (b) The Bank shall immediately change a Prepaid Card status from Activated Card to Suspended Card when a Cardholder reports their Prepaid Card as lost, stolen or damaged to the Bank. In the event a Prepaid Card is suspended by the Bank, the Bank shall have no obligation to make any Card Proceeds available to the Cardholder during the suspension period until a replacement Prepaid Card is issued to the Cardholder. After the issuance of a replacement Prepaid Card, the Prepaid Card that was reported lost, stolen or damaged will no longer function in any manner, all Cardholder fees associated with such Prepaid Card will cease and the status of the Prepaid Card will be changed from Suspended Card to Closed Card by the Bank.
- (c) A Prepaid Card's status will also be immediately changed from Activated Card to Suspended Card when the Prepaid Card is suspended by the Cardholder using the Consumer Website or by contacting customer support. In the event the Prepaid Card status is changed from Activated Card to Suspended Card by the Cardholder, the Prepaid Card cannot be used for Transactions until the suspension is lifted. A Prepaid Card suspended by a Cardholder can be reinstated by the Cardholder using the Consumer Website or by contacting customer support provided that the Prepaid Card has not been declared lost, stolen or damaged by the Cardholder

5.11 Card Termination

- (a) The Bank shall have the right to change a Prepaid Card's status from Activated Card to Closed Card, provided that the Bank acts reasonably, including in accordance with Cardholder Agreement, Requirements of Law and the Visa Rules. In the event that there are Card Proceeds remaining on a Prepaid Card at the time the Bank decides to change the Prepaid Card status from Activated Card to Closed Card, the Bank will make arrangements to disburse such Card Proceeds as set out in the applicable Statement of Work.
- (b) In the event the DA terminates a Cardholder's Benefits, the Cardholder shall be able to use their Prepaid Card to access Card Proceeds until the Prepaid Card meets the criteria to become a Closed Card as provided for in a Statement of Work.
- (c) In the event the DA determines that a Cardholder is not a Client who is eligible to receive Benefits or Card Proceeds, to the extent there are Card Proceeds remaining on the Prepaid Card at the time of that determination, the Bank will make arrangements to send such Card Proceeds to the DA and will immediately thereafter change the Prepaid Card's status from Activated Card to Closed Card.
- (d) The DA may provide Authorized Instructions to the Bank to change a Prepaid Card's status from Activated Card to Closed Card. In the event that there are Card Proceeds remaining on the Prepaid Card at that time, the DA may request that such Card Proceeds be unloaded and returned to the DA, in accordance with the procedures for unloading as set out Section 5.9 above.
- (e) Upon the DA becoming aware of the death of a Cardholder, the DA shall promptly notify the Bank of such death through Authorized Instructions. If the Bank receives notice of the death of a Cardholder from someone other than the DA, the Bank shall promptly notify the DA of such notice. After such notification, and upon receipt of confirmation of death of a Cardholder from the DA, the Bank shall suspend the Card and except as provided for herein, the Bank shall not be liable for making any subsequent payments to a Cardholder or his or her dependents, heirs, representatives or estate. Any such payments shall be made directly by the DA to the Client(s). Upon confirmation from the DA of the death of a Cardholder, any Available Balance on the deceased Cardholder's Card will be unloaded in accordance with Section 5.9 and the Prepaid Card status will be changed to a Closed Card. The Bank will have no involvement with the Cardholder's estate.

5.12 Prepaid Card Fraud

- (a) The Bank will provide industry specific fraud management systems within the Program and provide ongoing fraud monitoring, which monitoring shall reflect updated information based on available data on new fraud patterns.
- (b) Fraud monitoring reporting occurs internally within the Bank as part of the ongoing efforts to minimize risk and fraud opportunities. Fraud monitoring reporting is not typically shared with customers of the Bank, however, fraud case reporting may be available at some level should the DA require it and as agreed to by the Bank. In order

to minimize fraud in respect of the Program, the Bank agrees to discuss such reports with the DA, as applicable, subject to Requirements of Law.

- (c) All Cards within the Program will have protection in case of fraud with the exception of losses arising from circumstances where the Cardholder has shared their PIN and Cardholder information with another party. Cardholders are liable for such losses.
- (d) Card Proceeds will be protected as outlined in the Cardholder Agreement. More specifically, a Cardholder is not liable for, and will be reimbursed by the Bank, for charges to the Card as a result of fraudulent or unauthorized use of the Card, Card number or PIN, as long as the Cardholder meets the following three conditions, each as set out in the Cardholder Agreement:
 - (i) The Cardholder is able to establish to the Bank's reasonable satisfaction that he/she has taken reasonable steps to protect the Card against loss or theft and to safeguard the PIN and other security codes such as CVV or Verified by Visa, in the manner set out in the Cardholder Agreement;
 - (ii) The Cardholder cooperates fully with the Bank's investigation; and
 - (iii) The Cardholder did not contribute to the Unauthorized Use of the Card in any way, such as voluntarily revealing the PIN or other security codes to anyone else. For the purposes of this section "**Unauthorized Use**" means use by a person other than a Cardholder, who does not have actual, implied or apparent authority for such use, and from which the Cardholder does not receive any benefit.
- (e) The DA shall not be responsible for any loss caused by or resulting from any Cardholders' fraud, misuse, or negative balance Transactions involving the Prepaid Cards except to the extent such loss was caused by the DA's breach of a representation, warranty, or covenant of this Agreement, including any Statement of Work, or if the DA (or any of its Representatives) participated in or had knowledge of any deceptive, fraudulent or other illegal activity. The DA agrees to comply with all reasonable requests made by the Bank in the Bank's efforts to investigate, prevent and recover amounts due to the Bank relating to any actual loss, or suspected fraud, or other improper use of any Prepaid Card.

ARTICLE 6 COLLATERAL MATERIAL AND COMMUNICATION

6.1 Preparation of Collateral Material and Cardholder Agreement

The Bank shall be responsible for the development and preparation of Collateral Material and the Cardholder Agreement in respect of each Program. The Bank will be responsible for ensuring all Collateral Material and the Cardholder Agreement complies with Requirements of Law and the Visa Rules. The Bank shall notify the Engagement Manager and the Program Manager of any amendments to the Collateral Material or Cardholder Agreement made during

the term of a Program. Notwithstanding the foregoing, except to the extent required to comply with the Requirements of Law or the Visa Rules, Cardholder Fees incorporated into the Cardholder Agreement may not be increased without the prior written consent of the Ministry. Where the Requirements of Law or the Visa Rules provide for a decrease in Cardholder Fees, any such amendments to the Cardholder Agreement do not require the prior written consent of the Ministry.

6.2 Requirements for Collateral Material

The Parties agree that any Collateral Material will make clear that the Prepaid Cards are issued by the Bank and not the DA and that all Collateral Material:

- (a) will clearly disclose the corporate name or trade name of the Bank as the owner and the issuer of the Prepaid Card;
- (b) will not state or imply that the Prepaid Card is owned or issued by the DA; and
- (c) will not state or imply that the Prepaid Card is accepted only by a particular merchant or class of merchants except for certain categories of merchants agreed upon between the Parties.

6.3 Benefit Application Form

The DA shall ensure that Benefit application forms do not reference the Program and shall not contain any Visa-owned Marks or Bank Marks.

6.4 Promotional and Informational Materials

The DA agrees that any materials that are not Collateral Materials or the Cardholder Agreement, which may be created or distributed by the DA with respect to a Program, including, but not limited to, any posters, handouts or informational pamphlets intended to promote a Program or Prepaid Card or to provide information to Cardholders or Clients about a Program or Prepaid Card shall not contain any Visa-owned Marks or Bank Marks without the prior written consent of the Bank.

ARTICLE 7 INTELLECTUAL PROPERTY

7.1 Use of Marks

Neither Party (the “User”) will use the Marks of the other Party for any purpose without the prior written consent of such Party as provided on the applicable Statement of Work, as the case may be (the “Licensor”).

7.2 Appearance

Where a Statement of Work permits Users to use Marks:

- (a) The Marks shall be used by the User in conformity with the form, font, typeface and colors and other trademark usage specifications of the Licensor as they exist and are communicated to the User from time to time, and except as to the size of reproduction, the Marks shall not be altered in any way. In particular, the User will not place the Licensor's Marks in such proximity to other trademarks, trade names or corporate logos as to give the impression that a new or combined mark has been created as the result of such proximity.
- (b) Unless not required by the Licensor, each use of the Marks shall clearly display a trademark symbol and if commercially reasonable, the User shall use a mutually agreed upon legend in connection with its use of the Marks, as follows:
 - (i) In the case of the DA's use of Bank Marks: RBC and Royal Bank are trademarks of Royal Bank of Canada, used under license; and
 - (ii) In the case of the Bank's use of the DA Marks, the trademark symbol to be used shall be the "‡" symbol and the legend to be used shall be "All other trademarks are the property of their respective owner(s)".

7.3 Cease to Use Marks

Upon termination of this Agreement or a Program, the Parties will use commercially reasonable efforts to immediately cease to display the Marks of the other Party with respect to any terminated Statement of Work.

7.4 Ownership

For the purpose of this Agreement, the Parties agree that all Intellectual Property and Intellectual Property Rights and any other right, title and interest in and to all concepts, techniques, ideas, information and materials, however recorded (including images and data), including Intellectual Property Rights in and to the Deliverables, provided by the Bank to the DA under this Agreement, shall remain the sole property of the Bank. For greater certainty, this includes any and all rights, title and interest, including Intellectual Property Rights, in and to the Deliverables under a Program and to the Bank Marks or other Bank Intellectual Property used, with consent, in materials developed by the DA under Section 6.4 of this Agreement.

ARTICLE 8 ACKNOWLEDGEMENT

8.1 Acknowledgement by the DA

The DA hereby acknowledges as follows:

- (a) the Bank's involvement with a Program is to provide the Deliverables with respect to the Prepaid Cards, and in connection therewith, except as provided in Section 2.4(b) of this Agreement, the Bank is acting solely as the issuer named on the Prepaid Cards and is not involved in any way in determining eligibility for Enrolment in a Program; and
- (b) except as expressly provided for herein, neither the DA nor any of its Representatives

has acted or is acting as the Bank's agent and none of them has any right or power to bind the Bank or make any representation or warranty on the Bank's behalf.

**ARTICLE 9
CONFIDENTIALITY; DATA BREACH**

9.1 Confidential Information

- (a) The DA will use Bank Confidential Information only for the purposes of fulfilling its obligations under this Agreement, and will ensure that the Bank Confidential Information is not disclosed to any person except: (i) DA officials who can give Authorized Instructions, DA's local municipal council, and their advisors, staff, contractors and subcontractors; the DA's officers, employees, signing authorities; and, agents, contractors, subcontractors, service providers, consultants, internal or external auditors, legal or other professional advisors of the DA and their directors, officers, employees and signing authorities (collectively, the "**Representatives**") and the Ministry who need to know such Bank Confidential Information in connection with administering a Program, provided that such Representatives and the Ministry are informed of the confidential nature of such Bank Confidential Information and agree to treat same in accordance with terms substantially the same as in this Agreement; (ii) to the extent legally required by statute or by order of a Court or tribunal, provided that, if not legally prohibited, the DA will notify the Bank in writing prior to any such disclosure; (iii) in accordance with this Agreement; or (iv) as otherwise agreed to in writing by the Bank.
- (b) The DA shall follow policies and procedures of a standard no less than it follows with its own confidential information to protect the security, integrity and confidentiality of the Bank Confidential Information against any anticipated threats or hazards or unauthorized access to or use or disclosure of the Confidential Information.
- (c) Upon the Bank's written request or at the discretion of the DA, the DA will use reasonable efforts, in compliance with the Requirements of Law, to destroy the Bank Confidential Information in the DA's control or possession, provided that the DA will be permitted to retain such copies of: (i) the Confidential Information as required by Requirements of Law; and (ii) any computer files containing any Bank Confidential Information which have been created pursuant to the DA's automatic archiving or backup procedures, which will remain subject to a continuing obligation of confidentiality.
- (d) In the event that the DA becomes compelled, including by (i) order for production of documents, subpoena, or similar demand by any Authority or court of competent jurisdiction, (ii) order of any stock exchange (except routine supervisory examinations), or (iii) other legal requirement, to disclose any of the Bank Confidential Information, the DA shall provide the Bank, if not legally prohibited, in advance of such disclosure, with:
 - (a) prompt written notice allowing the Bank sufficient time to seek a protective order declaratory order, or other appropriate remedy;
 - (b) a copy of any Bank Confidential Information the DA intends to disclose;
 - (c) a copy of the request for disclosure.In the event that a declaratory order, protective order or other remedy is not obtained, or the Bank agrees to the disclosure of the Confidential Information, the DA agrees to

exercise reasonable efforts to disclose only that portion of the Bank Confidential Information which is legally required to be disclosed.

- (e) The DA acknowledges that a breach of any provision of this Section 9.1 may cause irreparable harm to the Bank or to any third party to whom the Bank owes a duty of confidentiality and that injury to the Bank or to any third party may be difficult to calculate and inadequately compensate in damages. The DA agrees that the Bank is entitled to seek declaratory relief (without proving any damage sustained by it or by any third-party) and to seek any other remedy against any actual or potential breach of this Section 9.1.

9.2 Data Breach Client Personal Information and Bank Records

- (a) The Client Personal Information to be disclosed will be identified on the applicable Statement of Work. The Bank's administration of the Card Services includes the use of Tokens. Only Tokens approved by the Bank will be available for use within the Program.
- (b) The DA acknowledges that in order for Cardholders to use the Visa Plus Network and to receive comprehensive Cardholder support pursuant to a Program, data associated to the Cards will be processed at Visa data centres located across North America. For greater certainty, access to Client Personal Information will only be provided by the Bank to third parties that are providing support to the Bank for administration of the Program, including the Bank's Processor and Cardholder support personnel.
- (c) Bank records related to a Program stored and maintained by the Bank will reside exclusively in Canada, except that any records related to a Program that are stored and maintained by the Bank's Processor will be located in North America.
- (d) Each Party shall promptly, and in any event within a reasonable time of becoming aware of such incident, inform the other Party of any form of theft, fraud, data breach, data security compromise, breach of privacy or security of, Client Personal Information disclosed to the Bank or the Cardholder Personal Information (collectively, a "**Data Breach**"). For greater certainty, the Bank shall, upon becoming aware of a breach, promptly inform the DA of a Data Breach occurring at any third-party providing services to the Bank in relation to a Program, including without limitation, any Data Breach involving its Processor. In the event of a Data Breach, the Party that is subject to the Data Breach shall, subject to the Requirements of Law; provide information as may be reasonably requested by the other Party and both Parties shall reasonably cooperate with one another with respect to any actual or threatened impact such Data Breach has or may have on any or all Programs.

ARTICLE 10 COMPENSATION AND EXPENSES

10.1 Fees and Compensation

- (a) The Bank shall calculate and invoice the DA, for the Program fees set forth in and in accordance with each Statement of Work attached hereto.

- (b) Any amounts payable with respect to a Program, other than the Program fees provided for in Section 10.1(a) hereof, shall be calculated, invoiced and payable as provided for in the applicable Statement of Work.
- (c) The Bank shall be entitled to any and all Program Revenue generated in respect of a Program.

10.2 Taxes

All fees and other amounts payable by the DA, under this Agreement or any Statement of Work are exclusive of all taxes, duties, levies, or charges of any kind imposed by any federal or provincial or local government entity, including HST/GST.

10.3 Expenses of the Bank

The Bank will be solely responsible for the following expenses for all Programs:

- (a) membership fees related to the Bank's own membership in Visa;
- (b) any fine or penalty assessed by any Authority or Visa to the extent such fine or penalty is levied due to the Bank's actions, inactions or omissions including, any fines or penalties imposed by Visa on the Bank for any non-compliance by the DA with the Visa Rules which resulted from the Bank's failure to make the DA aware of the Applicable Visa Rules; and
- (c) any other expenses in respect of any Program that it has agreed to pay that may be outlined in this Agreement and any applicable Statement of Work.

10.4 Expenses of the DA

In addition to the fees payable pursuant to Section 10.1(a) of this Agreement, the DA will be solely responsible for the following expenses for all Programs:

- (a) any fine or penalty assessed by any Authority or Visa and imposed on the Bank and paid by the Bank to the extent due solely to the DA's actions, inactions, or omissions with respect to the performance of its obligations under this Agreement including, without limitation, any fine or penalty assessed by Visa and imposed and paid by the Bank for any non-compliance by the DA with the Card Custody and Inventory Guide or the Applicable Visa Rules; and
- (b) the DA's own costs and overhead generated from its participation in the Programs and any and all expenses associated with the performance of its obligations or for which it is responsible in accordance with the terms of this Agreement and as set out in any applicable Statement of Work.

**ARTICLE 11
REGULATORY INVESTIGATIONS OR VISA INVESTIGATIONS**

11.1 Regulatory Investigations or Visa Investigations

- (a) Subject to the Requirements of Law, in the event of a regulatory investigation conducted on the Bank by any Authority or an investigation of the Bank by Visa or, on Visa or any Authority's reasonable request to the Bank to obtain information from the Bank in respect of the Program, the DA agrees to share information and cooperate with the Bank, including providing all relevant documents and information directly to an Authority or Visa on request by such Authority or Visa, subject to such Authority or Visa agreeing to execute appropriate confidentiality documentation in form and content satisfactory to the DA.
- (b) In addition to the foregoing, the Bank shall be entitled to request and obtain information from the DA in order to confirm the DA's compliance with its duties and obligations under this Agreement or any Statement of Work, including, but not limited to, providing required disclosures to Clients as instructed by the Bank from time to time.

**ARTICLE 12
COMPLIANCE**

12.1 Anti-Money Laundering Compliance and Sanctions

- (a) The DA acknowledges and agrees that the Bank is not responsible for scanning or other screening with respect to Clients or Cardholders relating to anti-money laundering and terrorist financing in relation to Prepaid Cards, including under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, the regulations issued under such statute from time to time, and any statute, regulation, order, rule, or guideline that amends, supplements, or supersedes any of the foregoing and may include, if applicable. The DA is responsible for implementing an AML Policy, if any is required, to the screening of Clients and Cardholders.
- (b) The DA shall comply with all reasonable requests for information from the Bank concerning anti money laundering matters.

12.2 Intentionally deleted.

12.3 Reports

- (a) The Parties agree that reports relating to Prepaid Card Transaction processing will be provided to the Bank by its Processor whose records shall constitute the database of record for such Transactions. The DA shall not have access to, or be provided with, copies of such reports.
- (b) The Bank shall provide the DA with access to information related to Program metrics and performance, including aggregate Cardholder activities through the following means:

- (i) Self Service Reporting: The Bank's Program Administration Tool ("**PAT**") and Program Management Application ("**PMA**") provide self-service on demand reporting to DA staff who are Authorized Parties for the purposes of a Program. Pre-configured reports sorted by function may be requested by date range and can be exported in a variety of file formats; and
- (ii) Regular Program Reporting: The bank will provide pre-configured program reporting that includes specific information on performance and activity.
- (c) DA acknowledges and agrees that the Bank may provide to the Ministry, at the Ministry's request, data and information regarding DA access to and participation in the Program with the Bank.

12.4 General

Each Party covenants and agrees as follows:

- (a) It will comply with all Requirements of Law that relate to their respective duties and obligations pursuant to this Agreement.
- (b) All Cardholder complaints received by DA from an Authority or any other person relating to the Prepaid Card or its use will be promptly reported by the DA to the Bank. To the extent such information is readily available, such report shall include the name and address of the complaining Cardholder and a brief summary of the Cardholder's complaint.
- (c) In the event that either Party becomes aware of any litigation or court proceedings filed against the other Party relating to a Prepaid Card or its use, each Party agrees to promptly report such litigation to the other Party.

12.5 Contingency Plans and Disaster Recovery

Each Party will establish and have in place business continuity, disaster recovery plans and procedures intended to ensure continuation of its duties and obligations under this Agreement in the event of problems affecting its operation, including systems breakdown, natural disaster and other adverse events, temporary or permanent, where it fails to continue to perform its duties and obligations under this Agreement ("**Contingency Plans**"). The Contingency Plans and associated backup systems will be commensurate with the risk of a service disruption and will provide for provision to the other Party of all records necessary to allow it to sustain business operations. Each Party will notify the other Party regarding any significant changes to its Contingency Plans or when it encounters other circumstances that may have a serious impact on the information or data processed and maintained by it for the Programs. Each Party will regularly and no less than once per calendar year, test such Contingency Plans and notify the other Party regarding the results of such tests (including providing to such other Party a copy of its disaster recovery service provider's test simulation results with respect to the processing of relevant records or information or an attestation that the test simulation has been completed successfully).

**ARTICLE 13
TERM AND TERMINATION**

13.1 Term and Termination

- (a) This Agreement is made effective as of the Effective Date and shall continue in full force and effect from the Effective Date until **September 9th 2024**, unless terminated in accordance with its terms or renewed in accordance with the Banking Agreement. In the event that the Banking Agreement or Ministry Contract has terminated prior to the expiry or termination of this Agreement, this Agreement shall also terminate unless otherwise agreed upon by the Parties in writing.
- (b) In addition to the termination rights provided for in the Banking Agreement, either Party shall be entitled to immediately terminate any or all Programs established pursuant to this Agreement if:
 - (i) with respect to a Program or Programs, the other Party is in material breach of its obligations relating to such Program(s) and fails to remedy such breach within 30 days, or such other time as agreed upon in writing by the Parties, after the non-breaching Party has demanded in writing that such breach be cured;
 - (ii) an event of fraud in respect of a Program is committed by the other Party or an employee of such other Party; or
 - (iii) a Party provides notice in accordance with Section 4.4(a) of this Agreement.
- (c) Either Party may terminate any Program or this Agreement at any time and for any or no reason by providing the other Party with one hundred and eighty (180) days' written notice.
- (d) For clarity, if a Program is terminated, this Agreement and any remaining Programs not terminated will remain in full force and effect.
- (e) With respect to existing Prepaid Cards under any terminated Program, the Parties shall continue to cooperate and perform their respective obligations under this Agreement in respect of all such Prepaid Cards until the balance on such Cards is zero. All unused inventory of Prepaid Cards in the custody of the DA, if applicable, shall be destroyed or returned to the Bank as the Bank may advise.
- (f) The DA shall continue to pay for Card Services provided by the Bank under Section 13(e) above, at the rates set out in the applicable Statement of Work. If this Agreement or any Program is terminated by the Bank due to a breach by the DA of an obligation to make an undisputed payment to the Bank, the Bank shall not be required to provide the Card Services until the DA, as applicable, pays the Bank all amounts due and payable. Notwithstanding the foregoing, and except as otherwise set out in this Agreement or any Statement of Work, the Bank shall permit Cardholders to use the Prepaid Cards to access Card Proceeds until the Prepaid Cards have a zero balance, irrespective of whether this Agreement or any Program is terminated by the Bank.

- (g) In the event of any termination, regardless of the cause, the Parties acknowledge that the Bank remains liable to Visa in connection with any issued Prepaid Cards which are valid, and therefore, notwithstanding any other provision hereof, the Bank shall have the right to require the DA to perform its obligations hereunder with respect to previously issued Prepaid Cards as long as any Prepaid Cards bearing the Bank's name remain active.

ARTICLE 14 GOVERNANCE

14.1 Authorized Parties

For the purposes of the Card Services as provided pursuant to this Agreement and any Statement of Work, the DA shall furnish the Bank with a list identifying those individuals in the DA who have been authorized to direct the Bank and otherwise act on behalf of the DA with respect to the applicable Program. The list shall show each individual's name, position, signature and scope of authority. Each individual so identified is an "**Authorized Party**" for the purposes of a Program.

14.2 Governance

- (a) Each Party will make available throughout the term of the Agreement an individual (the "**Engagement Manager**") who will act as the other Party's single point of contact, and who is responsible for coordinating, overseeing and ensuring the timely performance of such Party's obligations set out in this Agreement and for liaising with the other Party's Engagement Manager. Each Engagement Manager will be an individual mutually agreed to by the Parties. The Engagement Managers shall meet regularly as required but in any event no less than at least once each calendar quarter.
- (b) In addition, with respect to each Program, each Party will make available an individual (the "**Program Manager**") who will act as the other Party's single point of contact for such Program, and who is responsible for coordinating, overseeing and ensuring the timely performance by such Party's obligations with respect to the applicable Program. Each Party's Program Manager is responsible for liaising with the other Party's Program Manager with respect to matters including, but not limited to, operational support, administrative support, issue resolution, issue tracking, urgent issues related to Program fraud, and scheduled and ad-hoc Program reviews. Each Program Manager will be an individual mutually agreed to by the Parties. Each Program Manager will be available during regular business hours with backup support as required. The Program Managers shall meet regularly as required but in any event no less than quarterly.
- (c) In respect of each Program, the Parties agree that they shall meet twelve (12) months after the commencement of each Program and every twelve (12) months thereafter to discuss and review:
 - (i) reporting of key trends and patterns related to the Program;
 - (ii) information about new technology and technology enhancements;

- (iii) the Program and to consider what, if any, modifications or adjustments should be made to the Program going forward so as to properly reflect the Parties expectations; and
- (iv) review the Bank's performance of Card Services as measured in Service Levels reports.

**ARTICLE 15
ACCESSIBILITY**

15.1 Accessibility

The Bank's delivery of the Card Services shall at a minimum comply with all applicable accessibility specifications as set out in the applicable Statement of Work.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

ROYAL BANK OF CANADA

Per: _____

Name:

Title:

Per: _____

Name:

Title:

[SERVICE DELIVERY AGENT]

Per: _____

Name:

Title:

Per: _____

Name:

Title:



RBC Right Pay Program

Card Custody and Inventory Guide

Effective November 19 2015

Document Version 0.4

Card Custody and Inventory Guide

Purpose:

Standard guidelines for RBC Right Pay Clients on Prepaid card custody and inventory maintenance.

Intended Audience:

RBC Right Pay Client Program Administrator, RBC Right Pay Program Manager.

Standard guidelines:

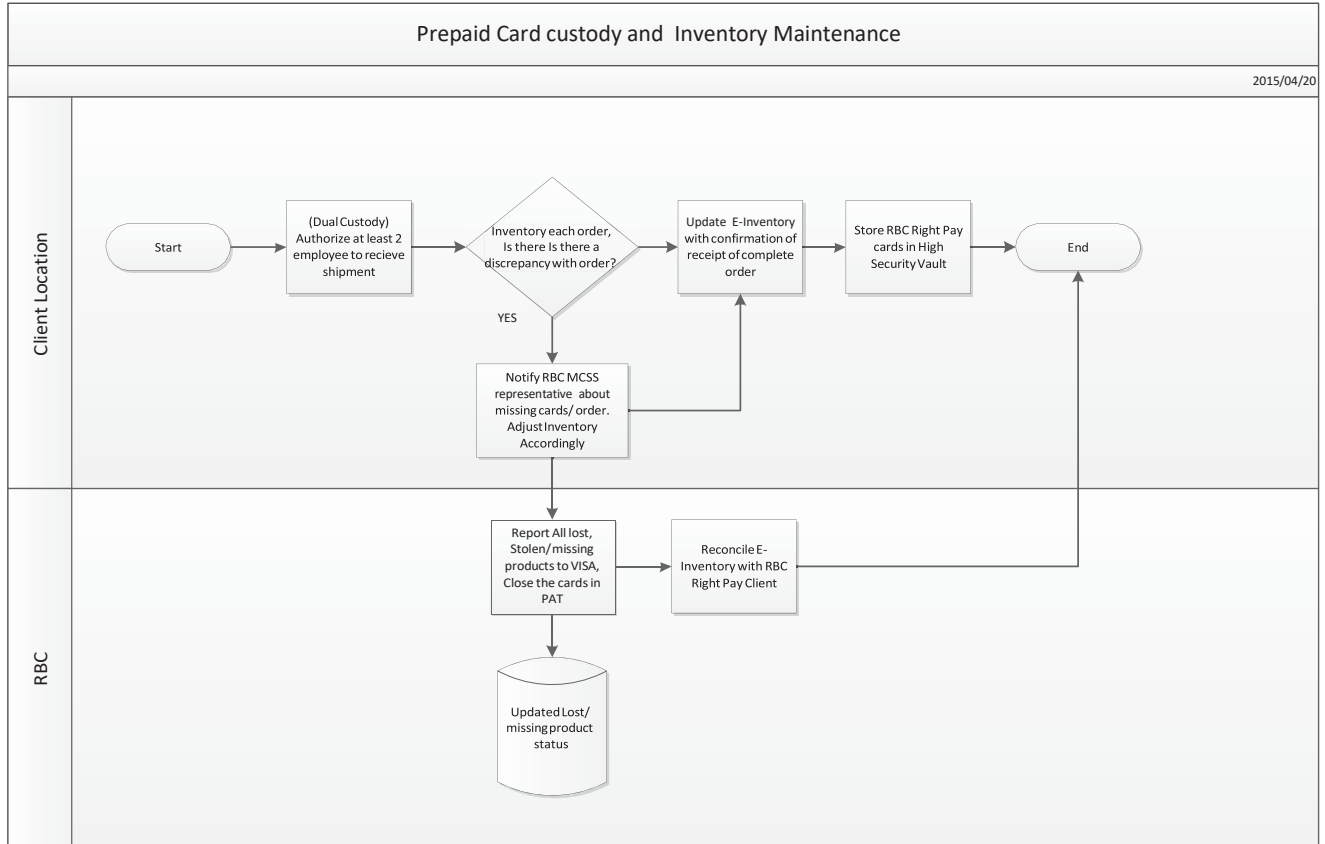
RBC Right Pay Clients must follow the guidelines below:

- Authorize at least 2 employees (Dual Custody) to take the shipment to a secured lockable storage area and complete the following inventory management activities:

Inventory the entire product shipment to determine if any RBC Right Pay card products (packages) are missing by:

- Confirming the number of card packages received matches the total number listed on the packing slip.
 - Conducting a random review, of at least 10% of the total shipment, to ensure that the proxy ID visible through the window of the envelope match the proxy ID on the packing slip.
- The envelopes in the box will be in the same order as the list on the packing slip i.e. the first Proxy ID on the packing slip should correspond to the first envelope at the front of the box.
 - Notify your RBC Right Pay Program Manager (rightpaysupport@rbc.com), and your own security administrator, if a shipment of RBC Right Pay card products (packages) either:
 - Was not received as scheduled.
 - Was damaged or opened, or there is evidence that the contents of a sleeve, box, or container are missing.
 - Within the PAT application confirm receipt of each order by selecting the appropriate status for each shipment. Cards that are missing or damaged must be reported within the PAT application. (refer to your PAT manual within the section “Manage and Receive Orders” for detailed instructions).
 - Store the RBC Prepaid card products (packages) in a secured lockable storage area or vault with:
 - Secure construction that will withstand tampering and damage.
 - Where accessibility is granted only to individuals who need it and are authorized to have it.
 - When inventory exceeds 500 cards per location the following additional requirements will apply:
 - An intrusion alarm system for the area or location where the prepaid card packages are stored.

Process Flow



Statement of Work
Pursuant RBC Right Pay Reloadable Payment
Card Program Delivery Agent Agreement

I. Introduction

This Statement of Work, between _____ (the "**DA**"), and Royal Bank of Canada (the "**Bank**") dated _____ (the "**Effective Date**") is made pursuant to Article 2 of the RBC Right Pay Reloadable Payment Card Program Service Delivery Agent Agreement ("**DA Agreement**") and is subject to the Client Agreement ("**Banking Agreement**") dated as of _____, as amended from time to time, between the Bank and the DA.

The DA is introducing a Program for the issuance of reloadable Prepaid Cards ("**OW Payment Card**") for Clients living in its jurisdiction who are receiving income support under the Ontario Works Program ("**OW**") who do not receive their payments by direct bank deposit.

Direct bank deposit will remain the preferred method of payment for OW income support. The OW Payment Card will provide an alternative to payments by cheque.

The Bank will deliver the OW Payment Card in accordance with the scope of services and deliverables, Service Levels, pricing, fees and implementation timelines that are set out in this Statement of Work.

Service Levels applicable to the OW Payment Card are attached hereto as Schedule A to this Statement of Work.

II. Definitions

For the purposes of this Statement of Work, the following words shall have the following meanings. Any capitalized terms that are not defined herein shall have the same meaning as in the Banking Agreement and the DA Agreement.

"Card Fulfillment" refers to the Bank's process of: (i) distributing individual Cards directly to Clients; or (ii) delivering Card stock inventory ordered by the DA to OW offices.

"Card Package" means the card package that is described in Section 4.2 of this Statement of Work.

"CSR" means customer service representative.

"CVV" means the Card Verification Value; the three-digit code that is found on the back of the Card and which is used as an additional security feature for merchants to validate that a Cardholder is in possession of a genuine Card.

"Expired Card" means the Card has reached its expiration date and can no longer be used.

"OW" has the meaning set out in the Introduction.

"OW Payment Card" has the meaning set out in the Introduction.

“PAT” or **“Prepaid Administration Tool”** refers to the web/browser application provided to the DA by the Bank for the purposes outlined in Section 11.1(v) of this Statement of Work.

“Performance Warranty Services” means repairs to the Program system requirements or corrections to defects in the Program system requirements.

“PMA” or **“Prepaid Management Application”** refers to the web-based application provided to the DA by the Bank for the purposes outlined in Section 11.1(iii) of this Statement of Work, including the related database.

“Program Requests” means instructions originating from the Delivery Agents through Social Assistance Management System (SAMS) and delivered to the Bank via web service call for the purposes of operating the Program.

“Province” means the Province of Ontario ministry with statutory or other responsibility for OW and SAMS.

“POS” means a *point of sale* device used at merchant locations to capture and transmit purchase Transactions for processing.

“SAMS” or the **“Social Assistance Management System”** is the Province’s system of record that captures Enrolment information for OW.

“Security Devices” has the meaning set out in section 12.7.

“Security Incident” has the meaning set out in section 12.8.

“Total Balance” includes the Available Balance plus any authorized but not yet settled Transactions.

“VRU” refers to the interactive voice response unit that is a component of the Bank’s automated telephone customer service system.

III. Scope of Services and Deliverables

The Bank will deliver the OW Payment Card in accordance with the scope of services and deliverables, Services Levels, pricing, fees and implementation timelines that are set out in this Statement of Work.

The terms and conditions of the DA Agreement are hereby incorporated by reference in this Statement of Work to the same effect as if fully set out in this Statement of Work. In the event of any conflict or inconsistency between the term or provision of this Statement of Work and any term or provision of the DA Agreement, the terms and provisions of the DA Agreement shall govern.

1.00 Card Design / Characteristics / Functionality

1.1 The Bank will provide standardized Card package collateral as part of the Program to be made available to the DA. Card package collateral will be provided in English and French but will not be bilingual. The Bank will ensure that the Cardholder Agreement contains provisions related to protection of Cardholder privacy.

1.2 All Cards will include raised letter embossing for the 16-digit Card number and four-digit expiration dates.

Cards delivered directly from the Bank to Cardholders will include the embossing of the Cardholder's first and last name. Cards issued from OW offices will not include embossed Cardholder's first and last name.

The Card design will not identify the Cardholder as a Client.

1.3 All Cards will have Chip and PIN functionality so Cardholders can make purchases at Chip and PIN enabled POS and withdraw cash from ATMs.

All Cards will include a magnetic stripe encoded with the necessary data required for potential Card use with non-CHIP enabled POS and ATMs.

Online or card-not-present telephone Transactions may not require the use of a PIN.

1.4 Except for Closed Cards, cards in a Research Required, or Pending Issuance status and Expired Cards, all Cards will be reloadable, accepting one time, sporadic and recurring Loads.

The Cards may only be Loaded with Card Proceeds in respect to the OW Payment Card or with card Proceeds originating from another participating program such as ODSP.

1.5 Except for Closed Cards, balances on all Cards will carry over from month to month automatically.

1.6 Cards will have a four-year expiry date from the date of Card Fulfillment.

2.00 Card Activation / PIN Selection

2.1 All Cards will be in a ready-to-activate state with the activation process to be executed by the

Cardholders. Cardholders will be able to select their PIN at Card activation.

2.2 The Bank will provide all Cardholders with the following options for activating their Cards, or such other options as the Bank may determine, acting reasonably:

i. Card activation via the VRU:

- Cardholders will activate their Cards by calling the Bank's toll-free number assigned to the OW Payment Card.
- Cardholders will be required to enter information such as their 16 digit Card number, CVV and Tokens for authentication purposes.
- Once the Cardholder identity is authenticated, the Card is activated.
- Cardholders will be required to select their four-digit PIN as part of the Card activation sequence.

ii. Card activation via the Consumer Website:

- Cardholders will navigate to the Consumer Website associated with the OW Payment Card.
- Cardholders will be required to enter information such as their 16-digit Card number, CVV and Tokens for authentication purposes.
- Once the Cardholder identity is authenticated, the Card is activated.
- Cardholders will be prompted to select their four-digit PIN as part of the activation sequence.

iii. Card activation via a call centre CSR:

- Should Cardholders encounter difficulty activating their Cards via the VRU, they will be transferred to a live call centre CSR.
- Should Cardholders have difficulty activating their Cards via the Consumer Website, they will be directed to contact Cardholder support to talk to a call centre CSR.
- The call centre CSR will request the 16-digit Card number and then attempt to authenticate or verify the Cardholder identity by asking questions about the Cardholder's Personal Information or Card details.
- Once the Cardholder is authenticated, the CSR activates the Card and provides the Cardholder direction on PIN selection.
- Callers who cannot be authenticated will be directed to contact the OW office.

The Bank may amend the options that a Cardholder may use to activate a Card noted above upon advance written notice to the DA.

3.00 Use of the Card

3.1 The Cards will be accepted at Visa merchants worldwide for POS purchases, telephone and online Transactions in accordance with the terms and conditions set out in the Cardholder Agreement. The DA acknowledges and agrees that the Bank does not make any representations or warranties about Card acceptance at any individual merchant.

- 3.2 The Bank has the right, in its sole discretion, to block or decline to authorize any Transaction including, but not limited to, restrict Cards from being used in sanctioned countries, at online gambling websites, or to otherwise comply with the Bank's legal, regulatory requirements or other Bank policies; provided that the Bank will only impose such restrictions on the Cards that the Bank generally imposes on the other prepaid cards that it issues.
- 3.3 The Card will allow Cardholders to make cash withdrawals on their Card from Bank-branded ATMs, and ATMs on the Visa Plus Network. The DA acknowledges and agrees that the Bank does not make any representations or warranties about whether Cardholders will be able to make cash withdrawals at any other ATMs or whether additional fees that are charged by ATM owners may apply in those circumstances.
- 3.4 The Cards may be used to make bill payments with merchants that accept Visa as a form of payment. The DA acknowledges and agrees that the Bank does not make any representations or warranties about whether any individual merchant will accept the Card for bill payments.
- 3.5 The following daily withdrawal and purchase limits apply to the OW Payment Card:

Limits	Amount
Maximum purchase amount per Card per calendar day	\$4,000
Maximum ATM cash / cash back amount per Transaction	\$500
Maximum ATM cash / cash back amount per Card per calendar day	\$2,000

- 3.6 The Bank will not hold back funds and Cardholders will have access to the full Available Balance on their Card subject to:
- (a) established program limits set out in Section 3.5 above;
 - (b) standard market practices on pre-authorizations and holds; and
 - (c) Transaction posting which may result in portions of a Cardholder's balance being temporarily unavailable.

The Bank will provide Cardholders with both a Total Balance and an Available Balance when a Cardholder makes a balance enquiry. When the Available Balance and Total Balance differ, Cardholders will only have access to the Available Balance.

- 3.7 The Bank will not extend credit to Cardholders.

Negative balances may occur in exceptional circumstances such as a delay in posting of a Transaction by a merchant.

The Bank will not attempt to recover such negative balance from the Cardholder directly. If there is a negative balance on a Card at the time the Card is reloaded, the Bank will apply the reloaded funds to the negative balance. If the negative balance is subject to a pending dispute, the Bank will credit the Card with the applicable amount if the dispute is settled in the Cardholder's favour.

Cards that are in negative balance over a certain period of time may be subject to closure and

cannot be reactivated. The DA can request that the Bank issue a new Card for the Cardholder in such circumstances.

3.8 Cardholders will be able to continue using their Cards in accordance with this Article 3, even if the DA has suspended or terminated that Cardholder's OW income support. If the DA subsequently reinstates the Cardholder's OW income support, the Card may be Loaded or reloaded so long as it is not an Expired Card or Closed Card or Card Suspended for Fraud.

3.9 All funds Loaded to the Cards will not be subject to attachment or garnishment as set out in the *Ontario Works Act, 1997, S.O. 1997, c. 25, Sched. A* as may be amended from time to time.

4.00 Cardholder Disclosures (Fees and Program Information)

Initial Disclosures

4.1 Prior to issuing a Prepaid Card, the DA will provide any and all disclosures required to be given for statutory, regulatory or legal purposes prepared by the Bank and approved by the DA to, and will obtain and record the express consent of, a Client who is considering receiving Benefits through Prepaid Cards, in accordance with the workflows and processes agreed to by the DA and the Bank.

Fees and Program Information

4.2 For every instantly issued Prepaid Card and for every instantly issued replacement Prepaid Card the DA will provide the Cardholder with a Card Package within a standard #10 envelope that includes:

- An 8.5" x 11" letter to which the Card will be affixed (Card carrier) with information on Card activation, Card usage and Cardholder support. This letter will be personalized to the Cardholder if the Bank sends the Card directly to that Cardholder.
- Program fee information on the reverse side of the letter
- An insert containing information and instructions on Card use, 8.5" x 11" or smaller
- The Cardholder Agreement
- A financial literacy insert
- A wallet card with Cardholder support contact information and Consumer Website address in a single panel format with perforated area

4.3 The Card Package will be available in both English and French but will not be bilingual. Cardholders must select their preferred language during Enrolment to the OW Payment Card which will determine the language of their Card Package.

5.00 Cardholder Support

5.1 The Bank will provide Cardholders access to the following Cardholder support channels during the term of the OW Payment Card and for a period of 12 months following the termination of the OW Payment Card:

- Toll-free automated VRU

- Toll-free call centre staffed by CSRs
- Consumer Website

5.2 The Bank will configure the Consumer Website to include the following minimum functionality for the Cardholders:

- Card activation
- View balance
- View transactions
- Manage alerts
- View OW Payment Card information
- Suspend and un-suspend Card
- View profile
- Manage PINs (selection, reset and change)
- View and print statements

The Bank will make comprehensive OW Payment Card Frequently Asked Questions and the Cardholder Agreement available in electronic format on the Consumer Website.

The Bank will require that Cardholders authenticate themselves to log in to the Consumer Website, including by validating Card information or through the use of Tokens. The Cardholder will be required to enter a Card number, CVV and applicable Tokens on first visit, and on all subsequent visits. Cardholders will be required to create a unique username and password, provide an email address, and authenticate themselves to log in to the Consumer Website using such unique username and password.

The Consumer Website is designed and tested for optimal performance using the following:

- Internet Explorer 11 (without Compatibility Mode) on Windows 10
- Chrome on Windows 10
- Edge on Windows 10
- iPhone X series
- iPad Air
- Samsung Galaxy 9
- Safari on iOS 11.0.3

The Bank will notify the DA in writing in advance if the browser types that are designed and tested for optimal performance of the Consumer Website noted above change. Furthermore, the Bank will use commercially reasonable efforts to ensure that the Consumer Website functions without any material deficiencies on all other browsers that are used by a significant portion of the market in Canada.

5.3 The Bank will allow Cardholders to reset and change their PINs via VRU, the Consumer Website or with live CSR assistance.

Cardholders may call the VRU and navigate to a call centre CSR to reset and change their PINs. Once the Cardholder's identity is authenticated, the CSR will reset the Cardholder's PIN and direct them to the VRU to select a new PIN. CSRs are not able to retrieve or process the selection of the Cardholder's PIN but will offer instruction on PIN selection via VRU. The Bank

has no obligation to retrieve a PIN that the Cardholder has forgotten.

- 5.4 Cardholders with valid Cards will have the ability to view and print statements for the previous 24-month period through the Consumer Website.

Cardholders with Expired Cards or Closed Cards will not have access to the Consumer Website to view and print statements.

- 5.5 The Bank will comply with reasonable requests for Cardholder statements, including for Expired Cards or Closed Cards, which are no longer available from the Consumer Website for the previous 7 year period at no cost to the Cardholder.

6.00 Replacement of Lost/Stolen/Damaged Cards

- 6.1 The Bank will include information in the Card Package regarding the process for reporting lost, stolen or damaged Cards. Cardholders will be advised to contact the Bank's call centre as soon as possible to report the status of their Card.

- 6.2 When the Cardholder contacts the Bank's call centre to report a lost, stolen or damaged Card, the call centre CSR will attempt to authenticate or verify the Cardholder identity by asking questions about the Cardholder's Personal Information or Card details, validate the Cardholder's address and then, if authenticated successfully, immediately change the Prepaid Card's status from Activated Card to Closed Card.

The CSR will offer to mail a replacement Card to the confirmed address while advising the Cardholder of a 3 to 10 Business Day delivery timeframe.

At the Cardholder's request, the CSR will advise the Cardholder of the Total Balance and Available Balance on the lost, stolen or damaged Card. In addition, at the Cardholder's request, the CSR will review the previous few transactions on the Card with the Cardholder to identify if any fraudulent transactions have occurred.

- 6.3 The Bank will immediately delink the Cardholder's Prepaid Card file and Personal Information when a Cardholder reports their Prepaid Card as lost, stolen or damaged.

- 6.4 The Bank will mail the replacement Card directly to the last address on file for the Cardholder along with a letter containing specific information for replacement Cards, including instructions on Card activation, and disposal of a damaged Card.

- 6.5 If the Cardholder requires the replacement Card sooner than 3 to 10 Business Days, the call centre CSR will advise the Cardholder to contact the OW office.

- 6.6 The DA will have the ability to instantly issue replacement Cards for lost, stolen or damaged Cards through the use of PAT.

When using PAT to replace a lost, stolen or damaged Card, the existing Card is automatically and instantly closed, the Cardholder's Personal Information is immediately delinked from the Cardholder's Prepaid Card file and the replacement Card is ready for use, immediately by the Cardholder.

- 6.7 When a replacement Card, either issued by the Bank or OW office is activated, the Available Balance from the previous Card is immediately available on the replacement Card. All profile data including the Cardholder's Personal Information, PIN and transaction history will be linked to the replacement Card automatically.
- 6.8 All lost, stolen or damaged Cards that are replaced will maintain their existing PINs. The Bank will disclose this information in the Card Package that accompanies the replacement Card.

7.00 Reissuance of Card at Expiry

- 7.1 The Bank will reissue a new Card directly to the Cardholder approximately sixty (60) days prior to the expiration date of the Cardholder's current Card unless there have been no activities on that Card within the previous 12 months.

The following are considered Card activities:

- Loads and reloads
- Purchases
- Refunds
- Cash withdrawals
- Balance enquiries
- Consumer Website login
- VRU login
- PIN changes or attempts
- Calls to Cardholder support

Fee charges and profile changes are not considered Card activities.

- 7.2 The Bank will mail the new Card directly to the last address on file for the Cardholder with a Card Package containing instructions on Card activation and disposal of the Expired Card.
- 7.3 When a Card is reissued to a Cardholder, the Available Balance associated with the old Card will be transferred automatically to the reissued Card immediately upon activation by the Cardholder.
- 7.4 Cards that are reissued will maintain their existing PINs. The Bank will disclose this information in the Card Package that accompanies the reissued Card.
- 7.5 If the Cardholder has not received their reissued Card, the Bank will reissue the Card upon notification from the Cardholder, subject to Section 7.1 of this Statement of Work.

8.00 Closed Cards

- 8.1 The Bank will automatically close a Card if there have been no activities on the Card within the previous 12 months as set out in Section 7.1 of this Statement of Work, and the Card has a zero balance; or the Card has been in a negative balance scenario as described in Section 3.7 of this Statement of Work; or when a card closure is requested by the DA or, in the Bank's sole discretion if the Bank reasonably believes that the Card or Card number is being, or is likely to be, misused or if the Cardholder is in breach of the Cardholder Agreement.

- 8.2 When a Card is closed, it will be deactivated instantly. The Bank will not reload funds on a Closed Card or charge any fees to the Cardholder or to the DA in relation to that Closed Card.

The Closed Card will no longer function in any manner and it will not be possible to reactivate the Closed Card under any circumstances.

- 8.3 When a Card closure is requested by the DA, any Card Proceeds remaining on the Card will be returned by the Bank to the bank account designated by the DA for such purpose.

When a Card is closed by the Bank, in its sole discretion, except in circumstances where the Card Proceeds must be held or frozen by the Bank in accordance with Sanctions Laws, the Bank will return the Available Balance on the Card directly to the Cardholder in the form of a bank draft sent to the Cardholder by regular mail delivery.

9.00 Privacy / Confidentiality (Cardholder)

- 9.1 The Bank will not conduct credit or background checks on Clients/Cardholders enrolling/enrolled in the OW Payment Card.

- 9.2 The DA will share the following Personal Information with the Bank for all Cards issued within the OW Payment Card:

- Cardholder first and last name
- SAMS Reference Number
- Cardholder address or address associated with the Cardholder
- Cardholder telephone number or telephone number associated with the Cardholder (if available)
- Cardholder date of birth
- Language Indicator

All Cards will be registered with this Personal Information at the time of issuance through the Program Request process.

The Bank may use the information above to create Tokens.

The Bank will ensure that the Cardholder Agreement contains provisions related to protection of Cardholder privacy.

- 9.3 The DA will obtain the consent of each Client to disclose Client Personal Information to the Bank, its subcontractors and third party service providers, for purposes of the Bank's administration of the Card Services.

10.00 Training

- 10.1 The Bank will deliver training session(s) to identified Ministry and DA staff, in a format to be agreed upon by the Ministry and the Bank, on the use of the PAT and PMA, including the roles and responsibilities associated with each function.

- 10.2 The training approach (e.g. in-class, WebEx session, on-line tutorial) and the timing of the training will be agreed upon by the Bank and the Ministry.
- 10.3 The Bank will develop training materials and any user guides and manuals for use by the Ministry and DA for use for future training sessions for the purposes of the RPC program. Without limiting section 7.03 of the Ministry Contract, the Bank grants the Ministry and DAs the right to reproduce, distribute and post the materials, in whole or in part, on intranet sites as required.
- 10.4 The PAT and the PMA do not include a training environment.

11.00 Program Systems Requirements

- 11.1 The Bank will deliver enhancements to the current RBC platform that support:
- i. participation in the Program by DA;
 - ii. Program Requests between the Bank and SAMS, which will be the system of record;

SAMS will capture enrolment and payment information that will be delivered to the Bank and receive automatic responses from the Bank.
 - iii. receiving and processing instant, scheduled or near-real-time Program Requests for Program activities such as:
 - a. Client enrolment in the Program
 - b. Confirmation of Closed Card status
 - c. New instant or mail order Card issuance from DA
 - d. Payment Loads or Reloads to active cards including post-dated payments
 - e. Cardholder profile updates
 - f. Cardholder transfers between participating locations and programs
 - iv. acceptance and processing of Program Requests by the Bank provided that the DA deliver each Program Request, via SAMS, in the format and within the time frame set out in the Service Levels.
 - v. the Bank sending automatic responses to all Program Requests via SAMS.

12. PAT AND PMA

- 12.1 The Bank will provide the DA with the use of PAT and PMA in connection with the Program.
- 12.2 The Bank will ensure that user access to PMA and PAT are subject to reasonable security provisions, which include the following:

For PAT:

- Passwords must be a minimum of seven characters in length

- Passwords must include at least one upper case character
- Passwords must include at least one lower case character
- Passwords must include at least one numeric character
- Passwords must include at least one alphabetic character
- Passwords must include at least one special character
- Users may not re-use the previous 12 passwords
- Passwords expire every 30 days
- Users must answer additional questions as part of authentication process (knowledge-based authentication)

For PMA:

- Passwords must be a minimum of ten characters in length
- Passwords must include at least one numeric character
- Passwords must include at least one uppercase letter
- Passwords must include at least one lowercase letter
- No repetition of characters
- Half the length cannot be part of the username (e-mail address)

- 12.3 The Bank will automatically delete PAT user accounts with no logins for 400 consecutive days. These user accounts cannot be reactivated or reinstated.
- 12.4 The Bank will automatically delete PMA user accounts with no login for 400 consecutive days, or such other number of days as the OW Payment Card administrator with the appropriate authority determines and implements through PMA. These user accounts cannot be reactivated or reinstated.

All of the foregoing security provisions may be revised from time to time by the Bank. The Bank will provide advance written notice to the DA of any such changes.

- 12.5 The DA shall have the right to use PMA and PAT in connection with the OW Payment Card and shall not assign or sub-license that right. The DA's right to use PMA and PAT will end immediately on termination of this Statement of Work.
- 12.6 The DA will at all times have in place prudent measures to ensure the security and confidentiality of any telecommunication or electronic transmission method which may be used by the DA in connection with the PMA and PAT, including any computer, email, Internet, mobile device or wireless device ("Electronic Channel"). Such security measures include using relevant and up to date anti-virus scanning software, a firewall, installing the latest security patches to provide assurance that no virus is introduced into the systems or software while accessing the PMA and PAT.
- 12.7 The DA is responsible for maintaining the security and confidentiality of all security devices which may be used in connection with the PMA and PAT including user names and passwords (the "**Security Devices**"). The DA is responsible for ensuring that Security Devices will only be provided to and used by persons properly authorized on its behalf for such purposes in connection with the PMA and PAT and that such persons do not disclose or share, or agree to the disclosure or sharing of, a Security Device with any person.

- 12.8 If it is suspected or known that any Security Device has been compromised in any way, including if the DA knows or reasonably ought to know that there has been any unusual, fraudulent or unauthorized use of Security Devices or the PMA or PAT or some other security incident (a "**Security Incident**"), the Security Device must be changed immediately
- 12.9 Upon discovery of any Security Incident, the DA will immediately notify the Bank in writing and (i) assist the Bank, or any Bank entity or third party service provider acting on its behalf, in the management of any consequences arising from such Security Incident; (ii) take any reasonable steps necessary to mitigate any harm resulting from the Security Incident; and (iii) take appropriate steps to prevent a recurrence.
- 12.10 The parties agree that communications between their respective employees and representatives in connection with the PMA and PAT and the services provided by the PMA and PAT are necessary and requested for the performance of the Card Services. The parties expect and request electronic communication for such purposes.
- 12.11 The Bank is not liable for any loss, costs, damages or expenses arising in relation to the use of PMA and PAT ("Losses") to the extent they are caused by any of the following: (a) mistakes in, omissions from, inaccuracy or inadequacy of, or delays with, any information provided to the Bank through the PMA or PAT; (b) the DA (i) failing to take reasonable measures to protect against and prevent the Losses, or (ii) failing to adequately cooperate with the Bank in a related investigation; and (c) the transmission of any destructive or contaminating properties, including viruses, through an Electronic Channel, or any related damage to any computer systems.
- 12.12 The Bank will provide the DA with access to PAT for the purposes of Program administration, Card unloads, reporting, Card stock inventory management and issuance of replacement Cards for lost, stolen or damaged Cards.
- 12.13 OW Payment Card administrators within the DA with the appropriate access credentials will have the ability to add or remove PMA and PAT users and modify level of access granted to PMA and PAT users as required.
- 12.14 PMA and PAT will be accessed via the public internet through a URL provided by the Bank.
- 12.15 PAT will operate on the following computer requirements:
- Internet Explorer 11 on Windows 10
 - Edge on Windows 10
- 12.16 PMA will operate on Microsoft Internet Explorer 10 or higher, Firefox 35 or higher and Chrome 43 or higher. As soon as the Bank is made aware of updates to the computer requirements for the tools, it will notify the DA of such updates.
- 12.17 The DA will have the ability to instantly issue replacement Cards for lost, stolen or damaged Cards through the use of PAT.

When using PAT to replace a lost, stolen or damaged Card, the existing Card is automatically and instantly closed, the Cardholder's Personal Information is immediately delinked from the Cardholder's Prepaid Card file and the replacement Card is ready for use, immediately following

activation.

When a replacement Card, either issued by the Bank or DA office is activated, the Available Balance from the previous Card is immediately available on the replacement Card. All profile data including the Cardholder's Personal Information, PIN and transaction history will be linked to the replacement Card automatically.

12.18 PAT will support an unlimited number of concurrent users.

12.19 The Bank will provide the DA with access to the PMA for the purposes of Program administration, payment recalls and requesting reports for financial administration activities and reconciliation.

For each recall attempt, the PMA will indicate the success or failure of the request.

12.20 The Bank will ensure that the DA is able to generate the following reports from the PMA in both .csv and PDF:

- A payment activity report that contains the details of the payments that have been requested for recall, when the request for recall was made and by whom.
- A daily report that shows how many recalled payments the administrative user approved, including daily or monthly payments. Each payment should also indicate the user who requested the recall.
- A report identifying all the successful recalls and payments that were processed to be used for reconciliation in SAMS.
- A daily report excluding any recalled items to support Bank reconciliation.
- A daily report on real time payments
- Other reports that may added as part of Program enhancements

12.21 The Bank will ensure that DA access in PAT and PMA is restricted to records and data associated the DA. The Ministry will also have access to OW cases in PAT.

12.22 The Bank will use commercially reasonable efforts to ensure that PMA and PAT functions without any material deficiencies on browsers that are used by a significant portion of the market in Canada.

12.23 PAT will be made available to the DA in English and French. PMA will be made available to the DA in English.

12.24 The Bank will provide DA with manuals for PMA and PAT that contain a materially complete and accurate description thereof, and is a materially complete and accurate guide to the operation of PMA and PAT. The Bank shall provide updates to the manuals from time to time during the term of the Contract so as to remain materially complete and accurate and reflect all changes made to PMA and PAT.

12.25 The DA's right to use PMA and PAT will end immediately on termination of this Contract.

13 **Program Request Processing**

- 13.1 Instant Issuance, Card Order, Reload and Profile Update instructions in the form of Program Requests will be delivered daily by the Province, on behalf of the DA, to the Bank electronically for processing by the Bank.

The Ministry, on behalf of the DA, will deliver a Reload Program Request to the Bank once a month for processing by the Bank.

- 13.2 Program request acceptance and processing will be maintained by the Bank provided that the Ministry on behalf of the DA deliver each Program Request in the timeframe set out in the Service Levels and in the format agreed upon by the Province and the Bank.
- 13.3 When errors associated with the Program Requests and records occur, the Bank will notify the Province, who will notify the DA of the status within the agreed upon timeframe as set out in the Service Levels.
- 13.4 The Bank will provide automatic responses in the format of the original Program Request received including detail on all record level successes and failures including failure reason codes. The corrected errors will be resubmitted to the Bank via SAMS.

14 **Enrolment in the Program**

- 14.1 The Ministry's Social Assistance Management System (SAMS) will be the system of record capturing Enrolment information that will be delivered daily to the Bank via the Program Request process.
- 14.2 A Reload Program Request may be processed only after an Instant Issuance or Card Order Program Request is received and processed.

15 **Card Issuance**

- 15.1 The Bank will provide the DA with the following options for Card Issuance through the Program Request process:
- Instruct the Bank to issue Cards directly to Cardholders by mail to the address information indicated in the Card Order Program Request associated with each instruction; or
 - Instant issue Cards at OW offices using SAMS and inform the Bank of such issuance through the Instant Issuance Program Request.
- 15.2 Until the Program Request process has been completed, Cards issued to Cardholders by OW offices cannot be activated and the Cardholders will not be able to use the Cards or access Cardholder support channels.

The Cards will not have funds Loaded and available to the Cardholders until the Reload Program Request has been submitted to the Bank and successfully processed.

- 15.3 To facilitate instant Card Issuance at OW offices, the Bank will provide the DA with an inventory of Card Packages as set out in Section 4.2 of this Statement of Work, in sealed envelopes with a proxy number printed on the exterior of the envelopes.

The Bank will deliver bulk Card Package shipments via courier and the DA will have the ability to track shipment.

The Bank and the DA will agree on processes for bulk Card Packages stock delivery to OW offices, validation and reconciliation of each shipment and measures to address order errors and lost or returned shipments, as referenced in the Card Custody and Inventory Guide or such other documents agreed to by the DA and the Bank.

The Bank will accept redirect requests for orders that have been placed but not shipped.

- 15.4 The DA will inform all OW offices including, but not limited to, all existing and new OW employees, agents or other individuals authorized to act on the DA’s behalf (collectively, the “**DA Employees**”) of the Card Custody and Inventory Guide and any Applicable Visa Rules. The DA agrees to implement business processes to instruct such DA Employees for compliance with the Card Custody and Inventory Guide and any Applicable Visa Rules. The DA further agrees to keep all the applicable DA Employees informed of any amendments to the Card Custody and Inventory Guide and any Applicable Visa Rules.

16 **Loading/Reloading of Funds**

- 16.1 The Bank will receive daily Reload Program Requests from the Province, on behalf of the DA, for Loading or reloading of one-time, sporadic and monthly payments. The Bank will process these Reload Program Requests on payment due dates to be established by the DA.

- 16.2 Payment due dates may be post-dated within the same calendar month. The Bank will hold processing of these Reload Program Requests until the payment due date.

- 16.3 Once every month, the Bank will receive on the same day, one Reload Program Request from the Province, acting on behalf of the DA, for daily payments and one Reload Program Request from the Province, acting on behalf of the DA, for monthly payments. The Bank will process these Reload Program Requests on payment due dates established by the DA, and Cards may receive funds from both Program Requests.

- 16.4 All funding shall originate from the Funding Account(s) designated by the DA for the OW Payment Card. The Bank will debit the Funding Account(s) following the processing of each Reload Program Request and the corresponding funds will transfer to a Settlement Account held by the Bank for the purposes of Loading and reloading the Cards under the OW Payment Card.

Rejected records must not be deducted from the Funding Account until the record is re-submitted or corrected and is accepted by the Bank.

- 16.5 The following limits will apply to the OW Payment Card:

Card Program Limits	Amount
Minimum reload amount per transaction	\$0.01

Maximum reload amount per transaction	\$10,000
Maximum reload amount per Card over a 7 calendar day period	\$10,000
Maximum Card balance	\$10,000

- 16.6 The DA may recall records within the Reload Program Requests through the PMA. The DA will only be permitted to delete records prior to their payment date through the PMA. Changes to the record level detail, such as a change to the payment amount, will not be permitted.

For each recall attempt, the PMA will indicate the success or failure of the request including a reason code.

The Bank will not withdraw recalled payments from the Funding Account.

17 **Unloading Cards**

For the purposes of section 17 and the subsections thereunder, the term Available Balance shall have the meaning given to it in the Addendum.

Funds can be unloaded from Cards in the following circumstances. The Bank will not unload Card proceeds in excess of the Available Balance on the Card.

17.1 **Deceased Cardholders**

Upon the death of a Cardholder, the Bank will unload any Card Proceeds Loaded following the month in which the Cardholder died and return such Card Proceeds to the bank account designated by the DA for such purpose.

The DA will advise the Bank of the death of a Cardholder and any Available Balance remaining on the Card for which the deceased Cardholder was entitled will be returned to the party named by the DA based on agreed upon processes by the Bank and the DA.

17.2 Cards that have not been Activated

The DA may request that the Bank unload Card Proceeds and return, such Card Proceeds to the bank account designated by the DA for such purpose, where a Cardholder has not activated their Card and:

- (i) the DA determines that a Cardholder is not Client who is eligible to receive Benefits or Card Proceeds; or
- (ii) the Cardholder has received Benefits for the same period through a different method of payment.

17.3 Cards that have been Closed

The Bank will unload funds in an amount equal to the value of the Card Proceeds in the circumstances outlined in and in accordance with section 8.3.

17.4 Responsible Ministry Request

The Bank will unload funds in an amount equal to the value of the Card Proceeds at the request of the DA and return such Card Proceeds to the bank account designated by the DA for such purpose.

18 Profile Updates

- 18.1 Profile updates for Cardholders who are actively enrolled in OW will be made by the DA in SAMS and Profile Update Program Requests will be sent to the Bank on a daily basis.,

19 Service Request

- 19.1 The Bank will provide the DA with the ability to submit technology service requests which will include status reporting and tracking functionality. Status reports and regular reviews will allow for information to be shared and tracked via an issues log, as required.

The Program Manager assigned by the Bank to the OW Payment Card will serve as the point of contact for service requests and the issues log.

20 Accessibility

- 20.1 As of the Effective Date of this Statement of Work, Cardholder support services include accessible channels for people with disabilities as more particularly described below:

- Telephone Support (VRU/Call Centre) includes accessible features such as TTY support and relay service support to provide assistance via chat service.
- Consumer Website is conformant with the Web Content Accessibility Guidelines (WCAG) version 2.0, and is conformant with Level 1 and Level 2 of WCAG guidelines.

- 20.2 The Bank provides training to Bank employees whose duties involve interaction with the public or other third parties on how to interact and communicate with person with various types of disabilities.

CSRs are trained on handling a call with an interpreter in support of hearing impaired or speech challenged Cardholders.

- 20.3 Printed materials associated with RBC prepaid card products are not currently available in alternate formats such as audio or e-text options. However, the Cardholder Agreement will be available online via the Consumer Website.

- 20.4 Bank branches accommodate Cardholders with disabilities by providing barrier-free accessibility to Bank branches, including:

- Voice guidance enabled ATMs
- At least one dedicated wheelchair accessible ATM in each branch location that meets and exceeds the Canadian Standard Association (CSA) standards
- ATMs built to be barrier-free including lowered mounting heights; some are also equipped with Braille
- Audio ATMs
- Bank ATMs offer service in English and French
- Automated/accessible doors and vestibules

- Barrier-free ramps to vaults and service areas
- Barrier-free washrooms in every new branch
- Barrier-free safety deposit box booths in new branches
- Where available, at least one parking space reserved for customers with disabilities
- Lifts or elevators in new multi-level branches

20.5 Cardholders who are accompanied by a service animal may access all Bank premises that are normally accessible to clients.

Cardholders who are accompanied by a support person will have access to that support person while on the Bank's premises.

20.6 In the event of a planned or unexpected disruption in any facility or service used by Cardholders with disabilities, the Bank will place notices at all public entrances, service counters located on the Bank premises, and if appropriate, on Bank websites and outgoing telephone messages. The notice will include:

- information about the reason for the disruption
- the anticipated duration of the disruption
- a description of alternative facilities or services, if available.

20.7 Cardholders can direct their feedback through the Bank website at <http://www.rbc.com/accessibility/feedback.html>.

20.8 All information to the Cardholder will be available in English or in French. Cardholders must select their preferred language when using support channels. Cardholders may also change their preferred language if desired.

VRU calls originating from Quebec area codes will be answered in French with the option to select English. All other VRU calls will be answered in English with the option to select French. If the Cardholder is transferred from VRU to a CSR, their selected language will be spoken

The Consumer Website includes the ability to switch between English and French.

21 Future Proof Requirement

21.1 The Bank will take the following measures on an ongoing basis to facilitate Card functionality upgrades and enhancements for the DA:

21.2 Notification of new functionality and/or updates to existing functionality will be provided to the DA as the functionality becomes available.

21.3 The DA will be informed in advance and will not incur costs for any automatic updates to existing functionality.

22. Warranties

22.1 Representations and Warranties of the Bank – In addition to any representations and warranties of the Bank made under the Banking Agreement, the Bank makes the following representations

and warranties to the DA as of the date of execution of the Statement of Work and throughout the term of the Program, and acknowledges that the DA are relying upon them:

- i. there is no agreement with any other Person which would in any way limit or impair the Bank's ability to enter into the Statement of Work or perform its obligations under the Statement of Work;
- ii. the Bank has, or shall obtain, all the rights for it to grant all of the rights and licenses that it grants under the Statement of Work.

23 Service Levels

(a) Requirement to Meet or Exceed Service Levels

The Bank shall meet or exceed the Service Levels specified in Schedule "A" of the Statement of Work.

(b) Failure to Meet Service Levels

Without limiting any rights or remedies of the DA under the Banking Agreement, the DA Agreement or this Statement of Work, at law or in equity, if the Bank fails to meet the Service Levels, the parties will follow the incident resolution and escalation process set out in Section III of Schedule "A".

24 Application of the Bank's AML Policy

24.1 The Bank's AML Policy is not applicable to the OW Payment Card. The Bank does not perform any scanning or other screening with respect to Clients or Cardholders.

25 Program Fees

The OW Payment Card pricing is located in Appendix 1.

26 Cardholder Fees

The following fee schedule will apply to the Cardholders:

Type of Fee	Amount of Fee
Purchases – using Card to buy goods or pay for services.	No fee
Cardholder Support via Consumer Website.	No fee
Automated Telephone Cardholder Support (VRU).	No fee
Live Agent Cardholder Support (CSR).	No fee
Cash Withdrawal from an RBC Royal Bank® ATM – making cash withdrawals at Royal Bank ATMs.	Four no fee withdrawals per month. Additional withdrawals are \$2 each.

Cash Withdrawal from a non-RBC Royal Bank ATM – making cash withdrawals from a non-Royal Bank ATM in Canada.	\$2 per withdrawal. Convenience fee as set by ATM owner may apply.
Cash Withdrawal from an ATM Outside Canada – making cash withdrawals at any ATM outside Canada.	\$5 per withdrawal. Convenience fee as set by ATM owner may apply.
ATM Balance Inquiry Fee – checking balance at any RBC Royal Bank ATM.	Two no fee Card balance requests per month. Additional Card balance requests are \$0.50 each.
Replacement Card Fee – replacing Card, including if it is lost or stolen.	No fee.
Inactivity Fee – fee charged after 12 consecutive months of inactivity. The Card is considered inactive if there are no activities occurring in the card as described under Section 7.1 of this Statement of Work.	\$2.50 per month
Foreign Currency Conversion – Transactions in a foreign currency will be converted into Canadian dollars no later than the date Royal Bank posts the Transaction to the Card at an exchange rate that is 2.5% over a benchmark rate Royal Bank of Canada pays the payment card network that is in effect on the date of conversion.	

27 Implementation Plan

The OW Payment Card will be launched on a date to be mutually agreed upon by the Bank and the DA in writing.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this Statement of Work as of the Effective Date stated above.

ROYAL BANK OF CANADA

Per _____
Name:
Title:

Per _____
Name:
Title:

[SERVICE DELIVERY AGENT]

Per _____
Name:
Title:

Per _____
Name:
Title:

SCHEDULE A

Service Levels

Introduction

This Schedule “A” outlines the Service Levels that the Bank is required to meet for delivering the Card Services.

This Schedule “A” includes the following components:

- I. Program Management Support Services
- II. Service Delivery Standards
- III. Incident Resolution and Escalation Process
- IV. Performance Review Team

Any changes required will be mutually agreed upon in writing by the Bank and the Ministry.

All times shown in this document are in Eastern Standard Time. The RBC Right Pay Program Holiday Schedule referred to in this Schedule “A” will be provided by the Bank to the DA every year, 90 days prior to the following calendar year.

If there is any conflict between the Service Levels and the Statement of Work, the Statement of Work will prevail.

I. PROGRAM MANAGEMENT SUPPORT SERVICES

This section describes the OW Payment Card management support services as set out in Section 14.2(b) of the DA Agreement, and the availability of such services.

Monthly reporting will not be provided to the DA for this section.

SERVICE DESCRIPTION & AVAILABILITY

1. Bank Program Management Services

Generic inbox: rightpaysupport@rbc.com

Hours: 8:00 am – 4:00 pm/during Business Days, excluding Bank holidays outlined in the RBC Right Pay Program Holiday Schedule

- The Bank will respond to email messages within two Business Days (not to be impeded by technical difficulties).
- The Bank Program Manager, listed in Section IV of this Schedule “A”, will return phone messages by the next Business Day.
- Escalations will be responded to as outlined in Section III of this Schedule “A”. The DA is to copy the Bank Program Manager directly on all escalated requests.

2. Bank Technical Production Support

The hours defined below exclude any Bank holidays outlined in the RBC Right Pay Program Holiday Schedule.

a. Technical issues related to Program Requests and Responses
RBC IT Production Support: Generic Inbox: RBCITPSCT@rbc.com (copy rightpaysupport@rbc.com & resolctr@rbc.com) Business Hours: 8:00 am - 4:00 pm/during Business Days
b. Other technical issues (i.e. PAT, PMA, Consumer Website, VRU, Authorizations, etc.)
Generic Inbox: rightpaysupport@rbc.com (Program Management Service will triage issues appropriately) Availability: 8:00 am – 4:00 pm/during Business Days

II. SERVICE DELIVERY STANDARDS

This section outlines the Service Levels that the Bank is required to meet for delivering the following Card Services:

1. Technology solutions and Cardholder Access Channels
2. Cardholder support service
3. Card processing & Fulfillment
4. Program Request transmission and processing
5. Unloading and Return of Card Proceeds

The Bank will provide quarterly reports to the DA within 30 calendar days following the end of each quarter of the calendar year, with respect to attaining the Service Levels defined in this section.

1. Technology Solutions and Cardholder Access Channels

The following Service Levels shall apply seven days a week, 24 hours per day and are based on a calendar month.

SERVICE DESCRIPTION	CONDITIONS AND ACTIVITY	PERFORMANCE MEASUREMENT	RATING	REPORTING METHOD
1. PAT	PAT will be available to all authorized users	=>99 % of time <99 % of time	Meets Does not meet	Via e-mail
2. PMA	The PMA will be available to all authorized users	=>97% of time <97% of time	Meets Does not meet	
3.		=>99 % of time	Meets	Via e-mail

	Consumer Website	The Consumer Website will be available to Cardholders	<99 % of time	Does not meet	
4.	VRU	VRU will be available to Cardholders	=> 99 % of time	Meets	Via e-mail
			<99% of time	Does not meet	

Maintenance

The Service Levels outlined in this section will not apply during scheduled or emergency maintenance downtime for the particular platform and/or system.

The Bank will notify the DA via e-mail of any scheduled maintenance that has direct impact on the Program. The Bank will make every effort to perform scheduled maintenance during off peak hours and to provide at least one week notice to the DA. The Bank will use best efforts to notify the DA in advance, of any emergency maintenance that has direct impact on the Program.

The e-mail notification will indicate the time, date, duration and impact of the scheduled or emergency maintenance to the OW Payment Card.

2. Cardholder Support Service

The following Service Levels are measured on an aggregate level, and shall apply seven days a week, 24 hours per day and are based on a calendar month.

SERVICE DESCRIPTION	CONDITIONS AND ACTIVITY	PERFORMANCE MEASUREMENT	RATING	REPORTING METHOD
Call Centre	Responding to Cardholder calls	=>80% response within 20 seconds	Meets	Via e-mail
		<80% response within 20 seconds	Does not meet	
	Call abandon rate*	=>4% after 20 seconds	Meets	
		<4% after 20 seconds	Does not meet	

*Call abandon rate is measured after a Cardholder is in queue to speak with a CSR and terminates the call before getting through.

3. Card processing and Fulfilment

SERVICE DESCRIPTION	CONDITIONS AND ACTIVITY	SERVICE STANDARDS
1. New individual Card orders via the Card Order Program Request	From Card processing to Card dispatch to Canada Post	Day + 3-4 Business Days, excluding the Bank or Processor holidays outlined in the RBC Right Pay Program Holiday Schedule
2. Replacement of lost/stolen/damaged Cards by the Bank	From Card processing to Card dispatch to Canada Post	Day + 1-2 Business Days, excluding the Bank or Processor holidays outlined in the RBC Right Pay Program Holiday Schedule

3.	Reissue Card orders	From Card processing to Card dispatch to Canada Post *Reissue Card orders will occur automatically based on the OW Payment Card configuration and the qualification conditions as set forth in the DA Agreement and Statement of Work.	Day + 1-2 Business days, excluding the Bank or Processor holidays outlined in the RBC Right Pay Program Holiday Schedule
4.	Card Package inventory orders for OW Offices	From Card Package inventory order processing to dispatch to Courier *Card Package inventory orders will be processed and fulfilled as requests are submitted via PAT.	Day + 1-2 Business days, excluding the Bank or Processor holidays outlined in the RBC Right Pay Program Holiday Schedule

Maximum Aggregate Volume

The Bank will process and dispatch up to a maximum rate of 2,000 cards per Business Day. The maximum aggregate volume of 2,000 will include new individual Card orders via the Card Order Program Request, replacement of lost/stolen/damaged Cards by the Bank and Card Package inventory orders across the ODSP and Ontario Works RPC programs.

Service standards will not apply for Card orders exceeding the maximum aggregate volume of 2,000.

4 Program Request Transmission and Processing

a. Program Requests

The DA will send the Bank Program Requests, via SAMS, as set out in section 1.1.iii of Schedule 1 of the Contract at the following intervals:

- Instant Issuance – instantly register a Card issued in real time when the end-user sends instruction through SAMS
- Real time Card Load – every 15 minutes, from Monday to Friday excluding the Bank holidays outlined in the RBC Right Pay Program Holiday Schedule.
- Card Order – daily after 6:00 p.m., from Monday to Friday excluding the Bank holidays outlined in the RBC Right Pay Program Holiday Schedule.
- Profile update – daily after 8:00 p.m., from Monday to Friday excluding the Bank holidays outlined in the RBC Right Pay Program Holiday Schedule.
- Daily Card Load – daily after 8:00 p.m., from Monday to Friday excluding the Bank holidays outlined in the RBC Right Pay Program Holiday Schedule. Payments will be stored and available for recall in the PMA until 2:00pm on the payment due date.
- Monthly Card Load – after 8:00 p.m., 5 Business Days prior to the last Business Day of the month, as outlined in the RBC Right Pay Program Pay Schedule. Payments will be stored and available for recall in the PMA until 2:00pm on day prior to the payment due date.

The Bank will return instant and automatic responses to Program Requests.

b. Program Request Validation and Responses

The Bank will perform Program Request validation as each request is transmitted by the DA from SAMS.

The Bank will provide automatic responses in the format of the original Program Request received including detail on all record level successes and failures including failure reason codes.

Program Requests with errors will be rejected while requests without errors will be processed. The Bank will provide automatic responses to the DA via SAMS regarding the status of the Program Request, within the agreed upon timeframe and will include detail on all individual request failures including failure reason codes. The corrected errors will be resubmitted to the Bank via SAMS.

Program Requests sent by the DA that are free of errors will be sent by the Bank to the Processor for processing as set out in i, ii, iii, below.

- i. Instant Issuance, Real Time Card Loads, Card Order and Profile Update Program Requests will be processed by the Bank in real time.
- ii. Daily reload Program Requests will be processed on the payment due date established by the Ministry, within three (3) hours from the cut-off time for recalling records provided they are received by the daily cut-off time. Funds will be available to the Cardholders upon processing of the Reload Program Request.
- iii. Monthly reload Program Requests will be processed at 12:01 am on the payment due date established by the Ministry. Funds will be available to the Cardholders upon processing of the Reload Program Request.

Reload Program Requests received after the 2:00 pm cut-off time may be processed on the same day on a best efforts basis by the Bank. Any Program Requests received on a Bank holiday outlined in the RBC Right Program Holiday Schedule will be processed by the following Business Day.

c. Program Request Responses

The Bank will return a response to Program Requests as set out in section 1.1.v of Schedule 1 of the Ministry Contract for each successful request as they are processed.

d. Recalling Records

The DA will have the ability to recall records within the Reload Program Requests up to 2:00 pm on the payment due date for Daily Card Loads and up to 2:00 pm on the day prior to the payment due date for Monthly Card Loads.

5. **Unloading and Return of Card Proceeds**

The DA will have the ability to unload Card proceeds via PAT. The Bank will credit the DA's designated

bank account with the unloaded Card Proceeds within three (3) Business Days.

III INCIDENT RESOLUTION AND ESCALATION PROCESS

The Bank will assign, work, track report on and resolve all incidents based upon the severity level as described below. Attention/updates to an incident will be governed by the severity assigned to that incident. Severities are defined as follows:

SEVERITY	DESCRIPTION	NOTIFICATION	RESOLUTION	STATUS UPDATE
<p>Severity 1 – Critical: Actual or potential impact on the Card Services is severe and requires immediate attention and resolution.</p>	<p>A major condition has occurred causing Card Services and features to be unavailable to the DA or to a majority of Cardholders.</p> <p>There is an immediate direct impact to the DA or to Cardholders that is clearly not an isolated instance.</p> <p><u>Examples:</u></p> <ul style="list-style-type: none"> • Consumer Website, VRU or Call Center are unavailable to Cardholders. • PAT or PMA are unavailable to authorized users. • Program Requests transmission or communication issues. • Cards cannot be issued, receive Loads or perform Transactions. 	<p>Within 60 minutes from when the Bank’s Production Support team is made aware of issue.</p>	<p>Continuous attention until resolved.</p>	<p>Hourly from initial notification up to and including:</p> <ul style="list-style-type: none"> • notification of resolution, or • notification that a resolution has been identified which will include the timeline for resolution.

<p>Severity 2 – Moderate: Actual or potential impact on Card Services is moderate.</p>	<p>I. A condition has occurred causing Card Services and features to be intermittently unavailable or degraded to the DA or to a majority of Cardholders.</p> <p>II. A major condition has occurred causing Card Services and features to</p>	<p>Within two (2) hours from when the Bank’s Production Support team is made aware of issue.</p>	<p>Resolved or identified resolution within 24 hours.</p>	<p>Every two (2) hours from initial notification up to and including:</p> <ul style="list-style-type: none"> • notification of resolution, or • notification that a resolution has
	<p>be unavailable to an isolated number of Cardholders.</p> <p>There is a direct, recurring impact to the DA or to Cardholders. <u>Examples:</u></p> <ul style="list-style-type: none"> • Consumer Website, Call Center or VRU responses are noticeably degraded or intermittently unavailable to a majority of Cardholders. • PAT or PMA are noticeably degraded or intermittently unavailable to a majority of authorized users. • Non-PAT Program reporting is late or inaccurate. • Posting of Transactions or fees to Cardholders accounts are delayed or latency is present. • Card Issuance, Loads or Transactions are encountering 			<p>been identified which will include the timeline for resolution.</p>

<p>Severity 3 - Minor: Actual or potential impact on Card Services is minimal.</p>	<p>A condition has occurred causing Card Services and features to be intermittently unavailable or degraded for the DA or an isolated number of Cardholders.</p> <p>There is an isolated impact to the DA or to Cardholders.</p> <p>Examples:</p>	<p>Within the calendar day the Bank's Production Support team is made aware of the issue.</p>	<p>Resolved or identified resolution within 30 calendar days.</p>	<p>Weekly from initial notification up to and including:</p> <ul style="list-style-type: none"> • notification of resolution, or • notification that a resolution has been
	<ul style="list-style-type: none"> • Consumer Website, Call Center or VRU responses are noticeably degraded or intermittently unavailable for an isolated number of Cardholders. • PAT or PMA are noticeably degraded or intermittently unavailable for an isolated number of authorized users. 			<p>identified which will include the timeline for resolution.</p>

Escalation Process

The Bank and the DA each shall have the right to replace the individuals on the following list at their sole discretion. Any such change shall be communicated between the Program Managers via e-mail immediately.

	DA CONTACTS	BANK CONTACTS
Final Escalation – Always used for Severity Level 1 issues.		<p>1st: Rightpaysupport@rbc.com CC Bank Program Manager: Amelia Harker – Manager, Supplier Projects and Partnerships Amelia.Harker@rbc.com Office: 416-313-5205</p> <p>2nd: Simon Hawkins – Sr Manager, Supplier Projects & Partnerships simon.hawkins@rbc.com Office: 416.974.3741 Cell : 416-706-4803</p> <p>3rd: Eusebius D’Souza – Senior Director - P&CB Supplier Management Shared Services Eusebius.dsouza@rbc.com Office: 416-348-6796 Cell: 416-473-6064</p>
Second Escalation		<p>1st: Rightpaysupport@rbc.com CC Bank Program Manager: Amelia Harker – Supplier Manager, Prepaid Cards BAU Amelia.Harker@rbc.com Office: 416-313-7101</p> <p>2nd: Simon Hawkins – Sr Manager, Supplier Projects & Partnerships simon.hawkins@rbc.com Office: 416.974.3741 Cell : 416-706-4803</p>
First Escalation		<p>Rightpaysupport@rbc.com CC Bank Program Manager: Amelia Harker – Supplier Manager, Prepaid Cards BAU Amelia.Harker@rbc.com Office: 416-313-7101</p>

IV PERFORMANCE REVIEW TEAM

The Bank and the DA agreed on the following Performance Review Team for purposes set out in Section 14.2 (c) of the DA Agreement including the review of the Service Levels.

The Parties each shall have the right to replace the individuals on the following list at their sole discretion. Any such change shall be communicated between the Program Managers via e-mail.

Delivery Agent:

Name	Title	Contact Details

The Bank:

Leah Napier	Vice President Retail Card Products	Leah.napier@rbc.com
Sam Paulos	Director, Prepaid Solutions	Work 416.974.2787 Cell 416.885.3698
Eusebius D'Souza	Director - P&CB Supplier Management Shared Services	416-348-6796
Simon Hawkins	Sr Manager, Supplier Projects & Partnerships	416.974.3741
Amelia Harker	Supplier/Program Manager, Prepaid Cards BAU	416.313.7101
Nick Andricciola	Assistant Manager-Supplier Ops/Support	416.974. 3579

Review of the Bank's performance of Card Services as measured in Service Levels reports will form part of the meeting schedule between Program Managers.

Appendix 1
Card Program Pricing and Limits

Program Fees

The following per Card pricing will apply to DA who participate in the Program:

Ontario Works Reloadable Card Program	Cost
<ul style="list-style-type: none"> ▪ Prepaid VISA card with Chip & PIN ▪ Reloadable and with ATM cash access ▪ Single Card design with four different colour schemes currently in use by the Ministry ▪ Card package ▪ Card Fulfillment by Canada Post to Cardholders ▪ Card Fulfillment via courier to participating DA ▪ Initial Card Loads ▪ Card reissuance for active* Cardholders at current card expiration ▪ Card Program administration services and support ▪ Cardholder support charges (VRU and CSR) ▪ Program fraud losses (excluding internal fraud) ▪ Negative Card balances that the Bank cannot clear ▪ Text message and/or email alert service 	\$16.00 per card
<ul style="list-style-type: none"> ▪ Fee charged each month for each active card where there is a reload, regardless of the number of reloads in that month 	\$2.00 per card/per month
<ul style="list-style-type: none"> ▪ Fee for each replacement card via any available channel 	\$5.00 each

*A Card is considered "active" if there are ongoing activities occurring on the card. The following are considered Card activities:

- Loads and Reloads
- Purchases
- Cash withdrawals
- Balance enquiries
- Consumer Website login
- VRU login
- PIN changes or attempts
- Calls to Cardholder support where the cardholder is successfully authenticated

i. The Bank will invoice the DA and the DA will pay the Bank.

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON FEBRUARY 18, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	2019 ANNUAL UPDATE ON BUDWEISER GARDENS

RECOMMENDATIONS

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the 2019 Annual Report on Budweiser Gardens attached as 'Appendix B' **BE RECEIVED** for information.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
--

2017 Annual Updated on Budweiser Gardens, March 20, 2018, meeting of Corporate Services Committee, Item #2.5

Budweiser Gardens: City Approval of Zamboni Capital Lease Agreement, February 19, 2019, meeting of Corporate Services Committee, Item # 2.1

2018 Annual Updated on Budweiser Gardens, February 19, 2019, meeting of Corporate Services Committee, Item #2.2

Budweiser Gardens: City Approval of Digital Wall Capital Lease Agreement, November 5, 2019, meeting of Corporate Services Committee, Item #2.3

BACKGROUND

Budweiser Gardens is a multi-purpose entertainment and sports facility. The facility strives to perform a significant role in meeting the needs of the community in its overall programming.

Budweiser Gardens operates as a public private partnership and is designated as a municipal capital facility under the *Municipal Act*. The Budweiser Gardens completed its 17th year of operations in 2019.

Budweiser Gardens is managed by Spectra Venue Management on behalf of the partnership, London Civic Centre (LP). Spectra is responsible for the sale of naming rights, advertising, attractions, sale of suites and club seats, and the operation of the facility.

The City's share of the net proceeds from operations does vary over the life of the lease. In years one to five, the City's share was 20%; years six to ten, 45% and years eleven to fifty, 70%.

Budweiser Gardens continues to outperform pre-build expectations. Over 619,000 people attended approximately 146 events last year at the Gardens.

2018-2019 BUDWEISER GARDENS EVENT HIGHLIGHTS

Budweiser Gardens hosted a wide range of shows and events in 2018-2019, living up to the multi-purpose function that the City invested in when it built the facility including, but not limited to:

- Country stars such as Shania Twain, Keith Urban, and Luke Combs;
- Comedic acts such as Jerry Seinfeld, and Russell Peters;
- Broadway in London shows such as Rent, Kinky Boots, and The Illusionists;
- Family shows such as Harry Potter and the Chamber of Secrets, Disney On Ice 100 Years of Magic;
- 2019 Juno Awards, JUNO Side Stage (3-day outdoor concert series); and
- a host of various events such as London Taco Fest, Yoga Shack Gives Back 9, and GoodLife Spin4Kids.

RANKINGS, ACHIEVEMENTS, AND AWARDS SUMMARY

Budweiser Gardens had another impressive year in 2018/2019. The list below highlights achievements, rankings, and awards received by Budweiser Gardens:

- Best Teamwork in a Major Arena.
- Great Team award, as a result of new levels of excellence being achieved.
- Show Us the Money award, due to the best revenue generating initiatives (Last Minute Club).
- Shining Star award, as a result of excellent execution of best practices and leadership in Innovation.

FINANCIAL HIGHLIGHTS (5-YEAR SNAPSHOT)

At the end of 2019 there was \$4,569,353.81 remaining on the outstanding debt. The final payment will be made in 2023.

Appendix “A” (attached) provides a performance summary for the Budweiser Gardens for the last five years, events, paid attendance, incomes, expenses, net income and the City’s net proceeds for both ticket fees and share of net operational income.

Appendix “B” (attached) is the Budweiser Gardens 2019 Annual Report.

SUBMITTED BY:	RECOMMENDED BY:
IAN COLLINS, CPA, CMA DIRECTOR, FINANCIAL SERVICES	ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

Attached: Appendix A
Appendix B

c. City Manager's Office

APPENDIX "A"

Budweiser Garden Performance Summary

	2019 Budget	2019 Actual	2018 Actual	2017 Actual	2016 Actual	2015 Actual
Events	137	146	122	134	147	124
Paid Attendance	590,264	605,099	490,347	587,020	586,919	669,499

		2019 Budget	2019 Actual	2018 Actual	2017 Actual	2016 Actual	2015 Actual
Budweiser Gardens	Total Event Income	\$2,727,732	\$3,065,300	\$2,639,587	\$3,228,051	\$2,552,117	\$2,736,299
	Other Income ¹	\$3,746,982	\$3,754,534	\$3,736,290	\$3,470,796	\$3,482,830	\$3,745,666
	Total Income	\$6,474,714	\$6,819,834	\$6,375,877	\$6,698,847	\$6,034,947	\$6,481,965
	Indirect Expenses	\$6,389,472	\$6,612,688	\$6,230,807	\$6,408,130	\$5,645,886	\$6,224,114
	Net Income ²	\$85,242	\$207,146	\$145,070	\$290,717	\$389,061	\$257,851
City's Cash Flow	City Proceeds from Operation	\$50,000	\$183,520	\$117,660	\$258,907	\$243,553	\$456,527
	City Proceeds from Ticket Sales	\$96,359	\$155,488	\$145,314	\$128,005	\$133,961	\$116,168
	Total City Proceeds	\$146,359	\$339,008	\$262,974	\$386,912	\$377,514	\$572,695

¹ Other Income includes items such as Advertising, Naming/Pouring rights, Luxury Suites, etc.

² Net Income is based on Operating Cash Flow for Distribution

Budweiser
GARDENS



2019
ANNUAL REPORT

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STATEMENT OF PURPOSE

■ Budweiser Gardens opened in October of 2002 with a seating capacity of 9,090 for hockey and ice events and over 10,000 for concerts, family shows and other events. The venue not only strives to meet the needs of the community through diverse programming, it also stands as a landmark of civic pride and community accessibility, promoting a sense of vibrancy and culture while also providing a wide range of public sports and entertainment.

Constructed in the heart of downtown London, the exterior design of Budweiser Gardens incorporates a replica of the facade of the old Talbot Inn, a 19th Century Inn originally located where the building now stands.

With a reputation and standard of excellence in the industry, Budweiser Gardens is a top stop for fans and performers alike.





Message from the General Manager

■ We entered the 2018-2019 season knowing there were high expectations of us and we believe we took those expectations and exceeded them. This was a year full of A-list performers, fun family shows, sporting events, and one the biggest nights in Canadian music, the 2019 JUNO Awards. This season was surely an exciting one at Budweiser Gardens as we completed our seventeenth year of operation in London, welcoming 146 events and just over 619,000 patrons through our doors!

Budweiser Gardens hosted many A-list artists and several unique events during the 2018-2019 season. Fan-favourites included; Keith Urban, Thomas Rhett, Jerry Seinfeld, and Luke Combs each with sold out performances. We also continued to host our community events & consumer shows which made their debut the previous year. The Local Artisans Performers Showcase, Tequila Expo, and The Cocktail Show all returned for their second year.

The biggest highlight of the year was hosting The 2019 Juno Awards on Sunday March 17th. Many of our Spectra team members played significant roles on the host organizing committee and were crucial to the success of the event. I believe the event showcased how well all of the different entities within the city work together to ensure the best possible experience for fans from across Southwestern Ontario. We are proud to have hosted the biggest night in Canadian music and we were able to raise over \$100,000 for Musiccounts which is Canada's music education charity associated with CARAS (The Canadian Academy of Recording Arts and Sciences). Congratulations to all involved!

A major achievement happened on the evening of Friday, May 10, 2019 when Budweiser Gardens received the award for Best Teamwork in a Major Arena at the Live Music Industry awards during Canadian Music Week. We are truly honoured to receive the award as it is a testament to the hard work and strong sense of common purpose that is shared by all Spectra staff at Budweiser Gardens.

The 2018-19 Broadway in London series boasted an impressive lineup with a show for every interest! Cirque Musica Holiday presents WONDERLAND kicked off the Broadway series followed by Harry Potter And The Chamber of Secrets™ In Concert, RENT, Kinky Boots, and The Illusionists.

The London Knights continued to bring enthusiastic crowds to the building for each home game and finished as regular season Western Conference Champions. Thank you to the London Knights for providing fans with top level hockey and continuing to play a significant role in the venue's success!

The London Lightning had another successful year coming in 1st in the Central Division during the regular season! Congratulations to the entire franchise for another great year.

The Spectra Venue Management staff continue to come up with creative, and progressive green initiatives. The London Knights vs. Sudbury Wolves hockey game on February 10th marked the second Annual 'Green Game' where we introduced our switch to paper straws to help reduce plastic waste.

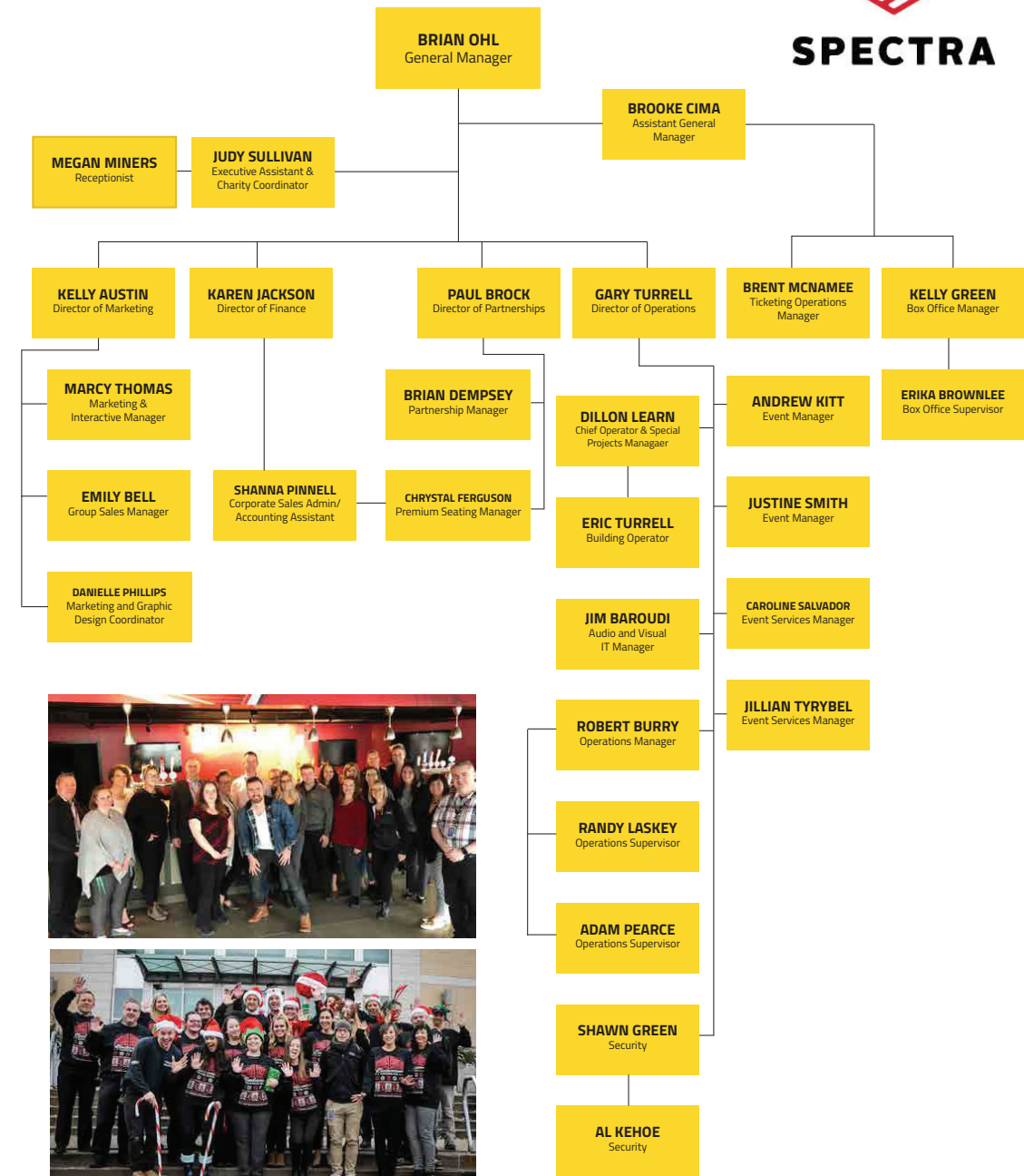
In addition to green initiatives, a heavy emphasis is placed on giving back to the community. Bud's Backstage Experience returned for the 5th year, with proceeds going to London Girls Rock Camp. The building hosted our annual Open House Skate in support of Children's Aid Society. This was the 10th year of the skate and thanks to the generosity of the community we were able to donate over \$9,000!

On behalf of Spectra, thank you to the Southwestern Ontario community for the ongoing support of Budweiser Gardens! Our success would also not be possible without our many partners including the City of London, Downtown London, Tourism London, and Labatt. Creating a great experience for our customers, sponsors, and partners is always a top priority for The Spectra Venue Management staff at Budweiser Gardens and this past season gave us many opportunities to take pride in our hard work.

VENUE TEAM



SPECTRA



MESSAGE FROM THE CITY OF LONDON

Message from Ed Holder

Congratulations on what may well be the most successful year in the storied history of Budweiser Gardens.

Months after the fact, Londoners, and entertainment executives across North America, are still talking about the success of the 2019 JUNO Awards. It truly established London as a major player when it comes to events of this magnitude, and it simply would not have been possible if we did not have the world-class facility that is Budweiser Gardens. Of course, it also helps when that world-class facility also has world-class staff to match.

In addition to the 2019 JUNO Awards, Budweiser Gardens also played host to Jerry Seinfeld, Twenty One Pilots, Luke Combs, Thomas Rhett and dozens of others. Londoners, and tourists from across North America, were also able to enjoy a taste of Broadway with productions including RENT, Kinky Boots, and Harry Potter and the Chamber of Secrets In Concert.

Every Friday night, as has been the case for nearly 20 years, Budweiser Gardens was filled with London Knights fans cheering future first round NHL draft picks, while the London Lightning had another great season and playoff run on the hard-court.

Thank you for the memories and opportunities you have provided to our great city over the last 12 months. We can't wait to make even more with you in the years to come.

Kind regards,



Ed Holder
Mayor, City of London



Message from Anna Lisa Barbon

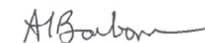
I am pleased to congratulate Spectra Venue Management on another outstanding year at Budweiser Gardens.

This past year reminded us why Budweiser Gardens continues to be the venue of choice in London, Ontario by hosting a wide variety of shows and concerts that appeal to everyone. Shows ranged from the Broadway in London Series to hosting a number of sold out concerts during the year including The Thank You Canada Tour, Luke Combs, Jerry Seinfeld and Thomas Rhett; in addition to Twenty-One Pilots and the sold out Women's Hockey Rivalry Series: Canada vs. USA. Budweiser Gardens is home to the London Knights who had another great season and playoff run, as did the London Lightning.

Budweiser Gardens had the honour of hosting the 2019 Juno Awards, one of the biggest events in Canada. Leading up to the Juno awards, the Juno Side Stage events also provided 3 nights of concerts in a heated tent outside of Budweiser Gardens. Hosting the Junos proved that Budweiser Gardens can deliver first class events as it showcased London's potential on the world stage leaving a lasting legacy that will not soon be forgotten.

The dedication and professionalism of Spectra Venue Management continues to bring in high quality entertainment and world class acts that maintain Budweiser Gardens as one of the top venues in the world in its class. Congratulations to the team as the much deserved recipient of the award for Best Teamwork in a Major Arena.

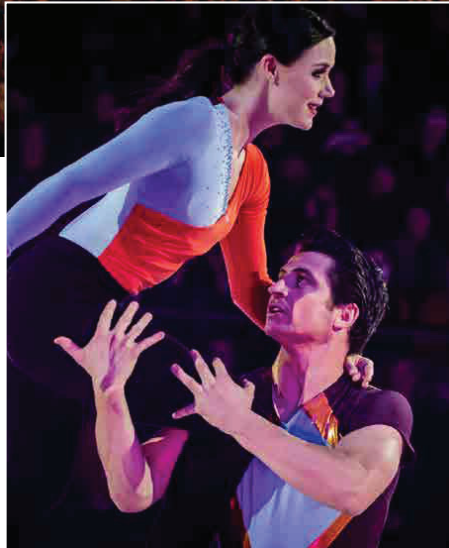
Sincerely,



Anna Lisa Barbon
Managing Director, Corporate Services and
City Treasurer, Chief Financial Officer



SUMMARY OF EVENTS



JULY

Trackside Music Festival
June 30 - July 1

Shania Twain
July 3-4

Latin Gastronomy Festival
July 21

AUG

Slayer
August 6

Smashing Pumpkins
August 9

Forest City Beer Fest
August 10-11

London Taco Fest
August 25

SEPT

Gaither Vocal Band
September 13

Keith Urban
September 15

United Way 3M Harvest Lunch
September 20

Simple Minds
September 28

OCT

Jann Arden
October 10

Monster Jam
October 27-28

NOV

Chris Young
November 1

Thank You Canada Tour
November 3

Joe Bonamassa
November 4

Stone Temple Pilots & Seether
November 7

Jack White
November 8

London Tequila Expo
November 10

Goodlife Spin4Kids
November 17

Russell Peters
November 20

Gordon Lightfoot
November 24

Local Artisans & Performers Showcase
November 25

Cirque Musica Holiday Presents
WONDERLAND
November 26

DEC

Paw Patrol Live! The Great Pirate Adventure
December 4-5



JAN

Harry Potter And The Chamber of Secrets™ In Concert
January 18

Rent
January 21-22

Bryan Adams
January 31

FEB

Women's Rivalry Series Team Canada vs. Team USA
February 12

Little Big Town
February 14

Paul Brandt with High Valley
February 23

MAR

Disney On Ice 100 Years of Magic
February 28 - March 3

Lynyrd Skynyrd
March 5

JUNO Side Stage The Reklaws, Jess Moskaluke & The Washboard Union
March 15

JUNO Side Stage KILLY, 88Glam & Anders
March 16

JUNO Side Stage Award Show Viewing, Loud Luxury & Ryan Shepherd
March 17

2019 JUNO Awards
March 17

The Cocktail Show
March 23

Luke Combs
March 28



APR

Brit Floyd
April 3

PJ Masks Live!
April 6

Colin James
April 8

Jerry Seinfeld
April 11

The Harlem Globetrotters
April 13

Alice In Chains
April 23

Variety Is... Showcase Show
April 25

Thomas Rhett
April 27

Metric with July Talk
April 28

MAY

Stars On Ice
May 5

Godsmack and Volbeat
May 9

Professional Bull Riders
May 11

John Cleese
May 16

Twenty One Pilots
May 20

Kinky Boots
May 25

The Illusionists
May 26

JUN

Yoga Shack Gives Back 9
June 2

Signatures
June 3

Bud's Backstage Experience
June 6

Dwight Yoakam
June 7

Corey Hart
June 8

Cirque du Soleil Corteo
June 13-16



EVENT HIGHLIGHTS

LYNYRD SKYNYRD

On Monday, March 5th Southern Rock icons, Lynyrd Skynyrd brought their Last of the Street Survivors Farewell Tour to Budweiser Gardens as part of the band's blockbuster two-year farewell tour that will see them travel across the globe.

Canadian legend and former front man for The Guess Who, Randy Bachman, opened the show and had the crowd of over 5,000 singing along to classic hits such as These Eyes, American Woman and No Sugar Tonight before ending his twelve song set with the mega hit Takin' Care of Business.

With the crowd warmed up it was time for Lynyrd Skynyrd to take the stage one last time in London. The band kicked off the show with favourites Workin' for MCA followed by Skynyrd Nation, What's Your Name and That Smell all of which gave the crowd a taste of what the band has accomplished throughout their illustrious career. The middle of the set included hits Saturday Night Special and Tuesday's Gone before the band launched into mega hits Simple Man, Gimme Three Steps and Sweet Home Alabama. The final song of the night was none other than Free Bird. Video was used throughout the song to allow the late Ronnie Van Zant to accompany his younger brother Johnny leaving fans with goosebumps from the images and the experience of the show.



BROADWAY IN LONDON

Broadway in London had a spectacular series for the 2018-2019 season with a total of 5 shows. The series included the original rock musical RENT, the high-heeled hit KINKY BOOTS and the mind blowing spectacular THE ILLUSIONISTS-LIVE FROM BROADWAY™. The series also included the graceful and thrilling all new tour CIRQUE MUSICA HOLIDAY Presents Wonderland, the most beloved film franchise in history featuring a live symphony orchestra HARRY POTTER AND THE CHAMBER OF SECRETS™ in CONCERT, offering a wide variety of entertainment for subscribers and fans alike.



LUKE COMBS

Very few artists have risen to fame quite as fast as country superstar Luke Combs and on Thursday, March 28th fans at Budweiser Gardens experienced why the 29-year-old from Ashville, North Carolina is one of country music's brightest stars. Headlining his first ever arena tour, Luke Combs' 'Beer Never Broke My Heart Tour' had the sold-out crowd on their feet dancing and singing along from the first notes of Honky Tonk Highway to the last chord of the encore, She Got the Best of Me. In-between, Combs also played his #1 hits; When It Rains It Pours, Beautiful Crazy, One Number Away and Hurricane. Opening for Luke were up and comers Jameson Rodgers and rising stars LANCO. This was Jameson Rodgers's first time to the venue and he didn't disappoint! Playing his hit singles; I Don't Know About You, Some Girls and I Love This Town, he got the night started on the right foot! LANCO, who played Trackside Music Festival in 2018 made their return to London with new music and the fans loved every minute of their set.



TWENTY ONE PILOTS

Twenty One Pilots made their debut at Budweiser Gardens on May 20th and brought one of the largest fan bases we've seen in 16 years! Excited fans camped outside the venue several days before the show in anticipation to get to the front of the general admission floor once doors opened. Twenty-One Pilots ignited a solid opening with vocalist Tyler Joseph first holding a torch, and then lighting a car on fire. Throughout the evening, hits such as Stressed Out, Heathens, and Chlorine were played, along with more from their Bandito album. The concert's conclusion, like the start of the show, was a strong one that fans will never forget as yellow confetti danced in the air. The confetti was just one piece of an overall visually stunning show, with the lights colour-coordinating to the music. Yellow lights would flash for songs from Bandito, red would flash for songs from Blurryface, and green and purple would illuminate the room as a nod to the Suicide Squad film as they played Heathens.



2019 JUNO AWARDS

The much anticipated 2019 JUNO Week & JUNO Awards took over London this past March with musical artists, industry executives and fans from all over Canada visiting and taking part in the many events held in the city March 11-17. Budweiser Gardens had the privilege of hosting Canada's biggest night in music, the 48th Annual JUNO Awards, which was broadcast live on CBC and online at cbc.ca.

The team at Budweiser Gardens played a huge role with all departments- Marketing, Box Office, Food & Beverage and Operations being heavily involved in making this event a huge success for not only the venue but for the City of London. Spectra was well represented on the London JUNOS Host Committee with five Budweiser Gardens employees: Marcy Thomas - Vice-Chair & General Manager, Erin Logie - Outdoor Event Lead, Wendell Reis - Awards Show Event Lead, Brian Ohl - Treasurer, and Karen Jackson - Finance Lead. The host committee pushed the envelope and creativity of the event in many ways. The host committee helped create

an outdoor space for a three day concert series called the JUNO Side Stage. The host committee and Budweiser Gardens also stepped in a huge way to give back through the Musiccounts ticketing initiative. From the day the JUNO Awards announced they were coming to London until the time the final artist hit the stage at the awards show, Budweiser Gardens along with two other local venues promised to donate \$1 per concert ticket sold from all shows that went on sale during this time period to Musiccounts. Through this initiative, Budweiser Gardens alone raised \$145,377 for Musiccounts, which focuses on music education and putting instruments in the hands of kids who need them the most!

Many events outside of the awards show took place throughout the week, including the JUNO Cup Jam, JUNO Cup, JUNOfest, JUNO Fan Fare, JUNO Songwriters Series and more. Many comments following the week stated that London had hosted one of the best JUNO Weeks in history, a true testament to the hard work of all involved.



JUNO SIDE STAGE

Presented by Budweiser Gardens and Live Nation Canada



For the first time ever, the Canadian Academy of Recording Arts and Sciences (CARAS) partnered with Live Nation Canada and the Spectra team at Budweiser Gardens to put on a 3-day outdoor concert series on the JUNO Side Stage. The event took place in a temporary structure outside of Budweiser Gardens from March 15-17. Each night offered up a different genre of music and showcased many talented Canadian artists. The first night kicked things off with country music from The Washboard Union, Jess Moskaluke and the Reklaws. Saturday night offered hip hop music with Anders, 88Glam and KILLY. Sunday saw an awards show viewing party followed by an after-party with local artists Ryan Shepherd and Loud Luxury. Spectra was a key partner running the ticketing and food & beverage for all JUNO Side Stage shows, along with assisting in marketing efforts. Over the three days, 2,250 attendees took in music at the JUNO Side Stage.



THE LONDON KNIGHTS



The Knights opened their 2018-19 season on September 21st at home against the Windsor Spitfires. Although missing key members of the team who were still with their NHL clubs, the Knights bested the Spitfires 5-3 to earn their first win of the season. This game saw one of the Knights' five rookies, Matvey Guskov, collect his first OHL goal and first two OHL assists.

As NHL training camps came to a close and the regular season began its early stages, the Knights found themselves with a plethora of talent as NHL clubs finalized their rosters and sent players back to their junior clubs. Liam Foudy and Joseph Raaymakers returned to the Knights from the Columbus Blue Jackets training camp in time for the team's second game of the season against the Sault Ste. Marie Greyhounds. This game also brought a new face to the London Knights as Chicago Blackhawk's first-round pick Adam Boqvist joined the club after attending training camp in Chicago.

The month of November brought the Knights a couple more familiar faces and a little bit of history. Evan Bouchard (Edmonton Oilers) and Alex Formenton (Ottawa Senators) rejoined the club fresh off their NHL debuts and first NHL goals. Bouchard and Formenton both made their season debuts on November 4th in Kitchener which ended up being win number three of a perfect 12-for-12 November; which

was part of a season-high 15 game winning streak.

On November 22nd, the London Knights honoured the 2005 Memorial Cup championship winning London Knights team that was named the CHL Team of the Century over the summer. The pregame ceremony involved appearances from members of the team including former captain Danny Syvret and current NHLer Corey Perry. The Memorial Cup trophy was also in attendance for the game's festivities. A few weeks later, the Knights hosted their annual Teddy Bear Toss game. This year's bringer of teddy bears was Adam Boqvist who scored a highlight reel goal against the Sarnia Sting that led to 8,763 bears raining down on the ice for the Salvation Army.

As the new year began, the London Knights established the Don Brankley Hall of Fame in honour of the late London Knights trainer. The inaugural class included Walt McKechnie, Dennis Maruk, Dave Lowry, Tim Taylor, Chris Taylor and Rob Schremp. Located outside sections 309-310. The Hall also includes all members of the organization that have previously had their number retired.

Prior to the OHL Tradeline in January, the London Knights bolstered their roster by adding overage forward Kevin Hancock from the Owen

Sound Attack and the older brother of Knights' rookie Gerard Keane, Joey Keane, from the Barrie Colts. As January continued the Knights hosted their first Superhero Night where the team sported jerseys with the "Spidey-Knight" logo from the mid-90's. After the game these jerseys were auctioned off for charity.

As the 2018-19 season came to a close, the Knights secured their first Midwest Division title since 2013 and 12th in team history with a victory over the Erie Otters on March 3rd. Two weeks later the Knights secured top spot in the OHL's Western Conference with a win over the Saginaw Spirit in their last game of the regular season. They finished the regular season with 99 points going 46-15-6 which was good for second in the entire OHL, only seven points behind the Ottawa 67s for first overall.

In the first round of the playoffs, the London Knights met their rival the Windsor Spitfires. The Knights made short work of the Spitfires, sweeping them in four games. In the second round, the Knights met the powerhouse Guelph Storm. After jumping out to an early 3-0 lead in the series, the Storm battled back to force a game 7 here in London. The Knights fought to a two-goal lead early in the second period, however, the Guelph Storm battled back as they surged to a 6-3 victory to clinch the series and end the Knights season.



Community Involvement

The London Knights continued their strong involvement with the London community again this past season. This season saw the Knights raise \$267,167 for community partners through 50/50 sales; a 169% increase from last season. These funds were donated to over 30 different organizations including Ronald McDonald House Charities, Children's Health Foundation, Anova, and many more. The London Knights players and Scorzy, also made many community appearances including Home Depot Kids Workshops, a city-wide No Frills Playoff Kickoff, and our March Breakaway event at The Factory.

The team looks forward to the 2019-2020 season, hoping to build off the success of this past season and bring more excitement to Budweiser Gardens and the London community.

NHL Draft

The NHL Entry Draft was held on June 21st and 22nd in Vancouver, British Columbia. Two players from this past seasons' team were drafted, along with two players that the Knights' hold the rights to. Forward Connor McMichael was drafted in the first round, 25th overall, by the Washington Capitals. Import forward Matvey Guskov was drafted 149th overall by the Minnesota Wild. Defenseman Hunter Skinner, who just recently was signed to an OHL Standard Player Agreement by the Knights, was drafted 112th overall by the New York Rangers. Defenseman Alex Vlasic, who the Knights hold the CHL rights to, was drafted 43rd overall by the Chicago Blackhawks.





London Lightning

The London Lightning had a wild season in their 8th year of the National Basketball League of Canada after bringing back some fan favourites and past champions Marvin Phillips, Garrett Williamson and Mo Bolden and pairing them with some exciting young talent in Xavier Moon, Anthony "AJ" Gaines and Kevin Ware. The team got off to a slow start to the season and half way through the season they found themselves in last in the central division but after making a coaching change and bringing back former assistant coach Elliott Etherington to right the ship things started to turn around and the team's mentality changed.

After the change and a few roster adjustments the Lightning went on to climb back up the standings all the way to first in the central division and looked poised to make another deep playoff run. The Lightning faced off against the KW Titans in the first round of the playoffs. Unfortunately the Lightning lost in the Central Division semifinals against the KW Titans in the 5th game of a 5 game series in which no team won a game on their home court.

Not all was lost though as the Lightning were able to develop some great young players who will make the coming years team that much stronger. Be on the lookout for the 2019/2020 London Lightning season!



The Group Sales Department enjoyed another successful year here at Budweiser Gardens. We implemented various group sales initiatives, provided quality products and services and worked towards creating the ultimate guest experience. During the 2018-2019 season, we used new and creative ways to increase profitability and continued to build a culture of high standards.

The Group Sales Department has always put community at the top of its priority list. Throughout the season, we played a vital role in raising funds for nonprofit organizations, school groups and skating clubs. This was accomplished by involving groups in different activities, such as national anthems, half time opportunities and high-five tunnels. Groupmatics, the online group booking tool, made the proficiency of this seamless.

We have maintained a focus on improving the guest experience by analyzing guest reviews, predicting customer demands, and appreciating our repeat customers. Word of mouth and social media remain the most powerful customer acquisition tools we have, and we are very grateful for the trust our customers have placed in us. Repeat customers have made the Group Sales department a market leader in the sports and entertainment industry.

The dinner packages in the Talbot Bar and Grille were very popular this year, with eleven of them being completely sold out. Not only were the dinner packages successful in our restaurant, they were also very successful in our Press Box. The Press Box dinner package offers 32 exclusive seats (a mixture between rail and table seating), a private bar and a gourmet station-style buffet. Guests raved about the privacy and exclusivity the Press Box provided while they watched concerts such as Shania Twain, Keith Urban and Thomas Rhett. During the 2018-2019 season, we sold a total of 2,713 dinner packages and generated \$419,393 in total package revenue.

We had the privilege of hosting the Women's Rivalry Hockey Game(Canada vs. USA) at Budweiser Gardens this year. The Group Sales department sold a total of 3,721 group tickets totaling \$67,866 in total ticket revenue. The department worked successfully with Spectra Food Services and Hospitality to sell all five Hospitality rooms and encouraged groups to pre-order food ahead of time. This made execution more manageable for Spectra Food Services and brought in a total revenue of \$6,142 from just pre-ordered food.

We look forward to another successful season in 2019-2020!

GROUP SALES

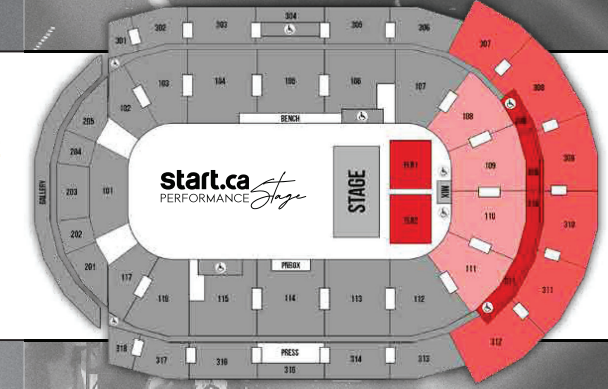


FACILITY FLOOR PLANS



END STAGE

CAPACITY: 8,000



THEATRE

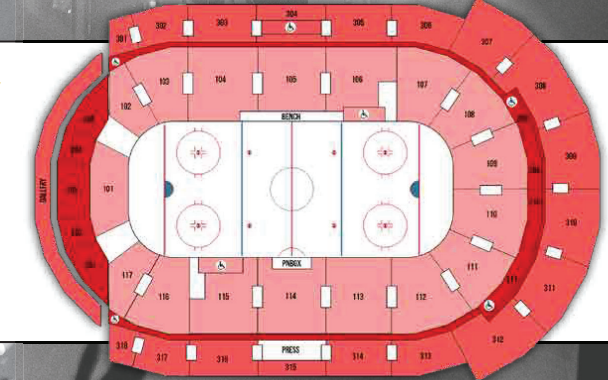
START.CA PERFORMANCE STAGE

CAPACITY: 2,613



HYBRID

CAPACITY: 6,654



HOCKEY

CAPACITY: 9,090



SMALL CONCERT

START.CA PERFORMANCE STAGE

CAPACITY: 3,933



BASKETBALL

CAPACITY: 8,910

PARTNERSHIPS

To ensure the success of Budweiser Gardens, Spectra Venue Management utilizes several partnerships which support and assist staff to maximize the care, control, and safe and efficient operation of the facility. These partnerships are made up of both long-term and short-term commitments which are governed by collective agreements or service agreements.

SPECTRA FOOD SERVICES

At Spectra Food Services & Hospitality, the mantra is its Everything Fresh™ philosophy. This division of Spectra delivers the industry's most innovative and profitable food services and hospitality management solutions. Spectra Food Services & Hospitality continues to provide world-class service to the hundreds of thousands of patrons who visit Budweiser Gardens each year. With a focus on many areas of service, from the patron attending that evening's show, to the fan at the hockey game, to the performers who perform at Budweiser Gardens. Spectra Food Services & Hospitality creates a memorable experience for each customer through attention to detail and unsurpassed quality.

Spectra Food Services & Hospitality also provide opportunities for groups and organizations such as school groups, dance clubs, minor sports teams and private clubs in the community to grow and expand their fundraising efforts, by partnering with them to help with concessions stand operations at events. Monies raised from concession sales go directly to these organizations to assist them in reaching their goals.

One of the goals within the Spectra Food Services & Hospitality family is to "think green". Spectra has committed to bringing in eco-friendly products, reducing waste and going local with as many purchases as possible. By partnering with industry-leading companies, Spectra Food Services & Hospitality has helped transform Budweiser Gardens into a true "House of Green".

With concentrated efforts on guest satisfaction, Spectra Food Services & Hospitality stays ahead of the industry standard in terms of food quality, presentation and customer service, ensuring that all guests enjoy each and every visit to Budweiser Gardens. The continued advancement of Spectra Food Services & Hospitality as a company has allowed many of its employees at Budweiser Gardens the opportunity to expand their knowledge by traveling and assisting other venues throughout North America.



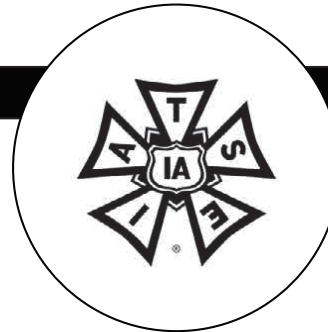
THE TALBOT BAR AND GRILLE

From dining in The Talbot Bar & Grille to booking a private function in the Cambria Lounge or King Club, Spectra Food Services offers you the opportunity to dine where the action is. Head Chef, Ryan Lerch, continues to make big and delicious improvements to the menus available throughout Budweiser Gardens. Spectra Food Services is committed to giving guests an exceptional experience each time they walk through the doors and continue to exceed expectations.



JOHNSON CONTROL SYSTEMS

Johnson Controls Incorporated provides a widespread Service Plan Agreement which is part of a 25-year term. The agreement is founded on an extensive and comprehensive service plan which includes a full time operator at Budweiser Gardens. Johnson Controls Incorporated is charged with many tasks crucial to the day-to-day building operations, including a comprehensive operation and maintenance program for all Heating Ventilation and Air Conditioning (HVAC) equipment.



I.A.T.S.E

I.A.T.S.E. Local 105 provides skilled labour necessary to undertake those functions associated with the arrival, performance and departure of concerts, speaking engagements and/or theatrical performances. Such skilled labour includes the movement and set up of lighting and sound equipment, set up of props, sets, wardrobe, and rigging of all show-related material/equipment. Labour force requirements are governed by the size and/or specifications associated with the event.

The cost of this service is dependent on the staffing requirements for each event and the number of hours employed. Spectra Venue Management is extremely pleased with the relationship, effort and quality of work provided by I.A.T.S.E.

BEE CLEAN

Janitorial Services throughout Budweiser Gardens are provided by Bee Clean Building Maintenance. Bee Clean provides three major components which comprise the cleaning requirements of the facility. Non-Event cleaning is comprised of two full-time weekday cleaners who address the day-to-day and preparatory cleaning requirements of the venue. Event cleaning involves an event cleaning crew which, number dependent on the size, type and demographic of the event, addresses all ongoing cleaning requirements during an event to ensure a clean and safe event environment. Post-Event cleaning involves a crew which, number dependent on the size, type and demographic of the event, cleans the venue in its entirety upon the completion of an event. The final component is Periodic Cleaning which, number dependent on tasks at hand, will clean specific item(s) in need of attention due to ongoing use and/or as a result of an event (i.e. cup holders in premium seating; bowl seats after a dirt event).



INNOVATION SECURITY MANAGEMENT



Innovative Security Management (1998) Inc. provides licensed uniformed contracted security for the venue and its events. Security needs will vary depending on the nature of the event and may include a presence in the following positions: barricade, wings, dressing rooms/back of house, parking lot, moat, mix, roamer, gates for pat downs, smoking areas, and/or other static positions in the venue. For the safety and security of our fans, entertainers, players and staff, Budweiser Gardens employs the use of walkthrough metal detectors for all events taking place at the venue. Qualified designated security personnel will be onsite to facilitate the screening as well as any secondary searches that may be required.



\$80,359

IN SOCIAL MEDIA REVENUE
45% INCREASE



↑6%

FACEBOOK FOLLOWERS
REACHED 60K



↑40.5%

INSTAGRAM FOLLOWERS
REACHED 11K



↑2.2%

TWITTER FOLLOWERS
REACHED 49K



7,140,501

TOTAL UNIQUE WEBSITE
PAGE VIEWS
31% INCREASE



\$1,679,177

REVENUE DRIVEN FROM BUD
INSIDER EMAIL BLASTS!

DIGITAL INITIATIVES

It was another great year for Budweiser Gardens on the social media front. A priority was placed on driving revenue, and increasing engagements and followers on all platforms. This was achieved in a number of ways, including: in-venue signage, online contesting and both paid & organic social campaigns specifically designed to engage followers and drive revenue.



2018 HOLIDAY FACEBOOK CAMPAIGN

Budweiser Gardens once again executed the 12 Days of Giveaways Facebook campaign during the holiday season to help engage followers and create buzz online. The campaign was a huge success with 3,817 entries collected over the twelve day period. This year the marketing department worked with the corporate sales team to utilize building partners to offer 3 larger prizes along with tickets to a show- a Porky's fireplace, 1 night hotel stay at Delta and a Copp's Buildall gift card. The campaign saw some great numbers with an organic reach of 101,467, 7,818 engagements and 2,477 of the contest entries opting in to the Bud Insider email club.

LAST MINUTE CLUB

In January 2019 Budweiser Gardens launched the Last Minute Club for all sold out shows. This allowed fans to sign up to be notified via email if last minute tickets became available closer to the show date. The club was utilized for 5 shows resulting in near sell outs for each. This initiative has been a huge success and is something the Spectra team at Budweiser Gardens will look to grow next fiscal year!



6,259

INDIVIDUALS
EMAILS SENT

56%

AVERAGE
OPEN RATE

45%

AVERAGE
CLICK THROUGH
RATE

808

TICKETS
SOLD

\$60K

IN REVENUE



ADOPTABLE PET OF THE MONTH

In January 2019, Budweiser Gardens partnered with the Humane Society of London and Middlesex to launch the Adoptable Pet of the Month program. The program features one adoptable pet each month on the venues social media channels with information on how to adopt. The program was built to work with our local humane society in helping raise awareness of adoptable pets while also gathering great content for the venues social media channels and allowing for a stress break at work for staff members. The pet of the month will usually visit the office to get their photo taken in/around the venue, then its playtime for the staff! The program has been a huge success thus far with 66,175 people reached & 4,644 engagements on #AdoptablePetotheMonth posts on Facebook and an additional 16,422 people reached via Instagram.

FINANCIAL PERFORMANCE

	NUMBER OF EVENTS	EVENT INCOME	% OF TOTAL EVENT INCOME
LONDON KNIGHTS	42	\$937,251	30.6%
LONDON LIGHTNING	24	\$36,676	1.2%
CONCERTS	28	\$1,000,344	32.6%
FAMILY SHOWS	16	\$236,543	7.7%
MISC. SPORTS	4	\$268,486	8.8%
OTHER	31	\$585,999	19.1%
	146	\$3,065,300	

MARKET SEGMENT RESULTS

LONDON KNIGHTS

The London Knights played 42 games accounting for 28.8% of the total events

LONDON LIGHTNING

The London Lightning appeared in 24 games making up for 16.4% of the total events

CONCERTS

Budweiser Gardens hosted 28 concerts at the venue for 19.2% of the total

FAMILY SHOWS

There were 16 family show events during the discal year for 11% of the total events

*Family shows typically occupy the facility for multiple dates with anywhere from one to eight shows during that time. If there were three performances of the same show in one day, then this figure is calculatulated as three events.

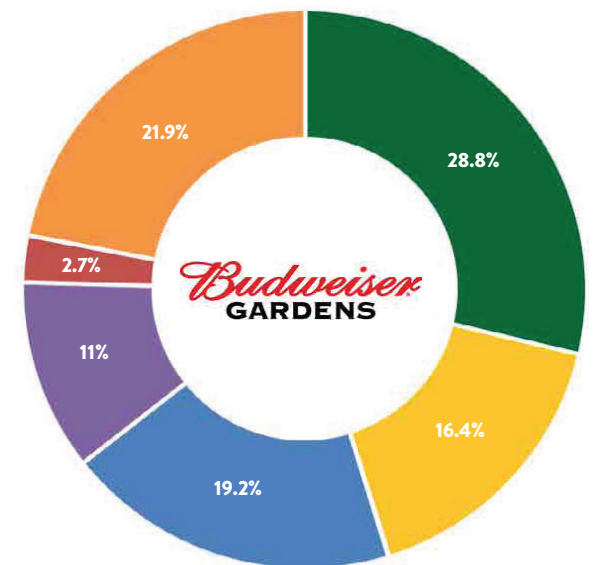
MISC. SPORTS

Misc. sporting events accounted for 2.7% with 4 events

OTHER

Other events accounted for 21.9% of the total events at Budweiser Gardens. These included events such as London Tequila Expo and The Cocktail Show.

BUDWEISER GARDENS HOSTED A TOTAL OF 146 EVENTS DURING THE 2018-2019 FISCAL YEAR



IN THE COMMUNITY

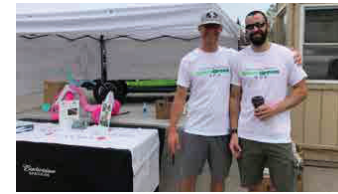
Throughout the 2018-2019 fiscal year, the Spectra team participated in several community initiatives that included the donation of time and tickets as well as other fundraising efforts. Over \$359,000 worth of donations, goods and services went to numerous charities and community initiatives throughout Southwestern Ontario. This included 2,117 tickets which gave members of the community the opportunity to experience hockey, basketball and live entertainment at Budweiser Gardens.

Bud's Backstage Experience, Yoga Shack Gives Back, Adoptable Pet of the Month and community clean up days are a few of the other charitable and community events that the Spectra staff supported. We are very lucky to also work with incredible organizations such as the United Way, Children's Health Foundation, Make-A-Wish of Southwestern Ontario, Ronald McDonald House, Humane Society of London and Middlesex and many more!



This year marked the 10th Anniversary of the annual Budweiser Gardens Open House Skate in support of the Children's Aid Society. This community event brings together families from all over London and Southwestern Ontario and gives people the opportunity to skate on the same ice as their beloved London Knights, while simultaneously helping to make the holiday season better for those in need. This year, we were able to present the Children's Aid Society with over \$9,000 worth of toys and donations! The event, which is organized by the Spectra's Corporate Partnerships department, is also supported by a team of full-time employees from every department of the venue who donate their time to ensure a great start to the holiday season.

Open House Skate and Toy Drive



2018-19 was another successful year for the Green Committee at Budweiser Gardens as we were able to implement new initiatives and expand on established ones.

The committee once again partnered with Downtown London to host the 2nd Annual Green Game on November 9th when the London Knights hosted the Sudbury Wolves. As with the previous Green Game, Spectra Venue Management teamed up with the London Transit Commission to offer fans coming to the game the opportunity to ride on LTC busses for FREE beginning at 5pm and running through the end of service. Fans attending the game had extra incentive to root for a London Knight's shut-out as Reforest London and Spectra once again partnered on the 'Saves for Trees' program that saw a tree planted for every save that a Knight's goalie made during the game as part of the Million Tree Challenge. This year, a total of 50 trees were planted as Downtown London matched the 25 save total. A new edition to the game was the presence of Raw Material Company Inc. who partnered with the London Fire Department to have a presence at the game and collect used household batteries for recycling. In addition to collecting batteries at the game, Budweiser Gardens has also become a permanent collection site. Finally,

the Green Game marked the official launch of the PASS ON PLASTIC, SCORE WITH PAPER campaign that saw the removal of plastic straws and the introduction of paper straws at the venue.

The 2nd Annual Electronic Recycling Day was held on Saturday, June 1st as the Spectra team at Budweiser Gardens partnered with Waste Connections of Canada to host the free event which provides Londoners the opportunity to safely dispose of any old electronics devices as well clear out sensitive documents to be shredded on site. This year there were a total of 2,200kg's of electronic material recycled and 1,170kg's of paper shredded.

Our Food Services and Hospitality team continued to have success through their partnership with Filta and the use of their services; FiltaFry and FiltaBio. From August 2018 to June 29, 2019 Budweiser Gardens saved 17,652 pounds of oil with the FiltaFry service and collected and recycled 3,570 pounds of waste oil with the FiltaBio service. The reduced cooking oil usage has led to 1,008lbs of packaging savings, a reduction in greenhouse gases of 21,018lbs and 1,450lbs of fertilizer and pesticides which when all combined is the equivalent of planting 1,049 trees!

In an effort to reduce our Carbon Footprint, the Green Committee introduced The Green Commute transit program which encourages

BUDWEISER GARDENS
Goes Green
 ELECTRONIC RECYCLING DAY
 SATURDAY, JUNE 1ST 9:00AM - 1:00PM



full time employees to find alternative methods of getting to work such as; public transit, carpooling, walking and cycling. Each time an employee uses one of these alternative methods they are eligible to fill out a ballot which is entered into a bi-weekly draw for prizes. In the first two weeks of the program, 47 ballots were entered and we expect the number to keep growing.

The Green Committee at Budweiser Gardens partnered with New Earth Solutions to have a living wall installed on the 100-level main concourse of the venue. The wall which measures 18'-5" x 7'-5" is located across from the King Club and is made up of a variety of plants including; Arboricola plants, Crotons, Ficus and others. In addition to the esthetic benefit, living walls have been found to help purify the air, reduce stress and increase the feeling of wellbeing.

Budweiser Gardens was proud to be a finalist for the Environmental Leadership award at the 2019 London Chamber of Commerce Business Achievement Awards. To be named a finalist in our first year being nominated was an accomplishment and a testament to the hard work that the team has put in over the last two years! Congratulations to Heeman's on a well-deserved win!

ENVIRONMENTAL SUSTAINABILITY

AWARDS

BEST TEAMWORK IN A MAJOR ARENA CANADIAN MUSIC WEEK

Budweiser Gardens received the award for Best Teamwork in a Major Arena at the Live Music Industry Awards presented by Stingray and El Mocambo on the evening of Friday, May 10, 2019. The awards were created by Canadian Music Week in partnership with the International Festival Network (IFN) and Canadian Live Music Association, the Live Music Industry Awards are a highlight of CMW's Live Music Summit.



“**WE ARE TRULY HONORED TO RECEIVE THE AWARD AS IT IS A TESTAMENT TO THE HARD WORK AND STRONG SENSE OF COMMON PURPOSE THAT IS SHARED BY ALL THE SPECTRA STAFF AT BUDWEISER GARDENS**”
- BRIAN OHL

The other venues nominated in this category include: Rogers Arena (Vancouver, BC), SaskTel Centre (Saskatoon, SK), Scotiabank Arena (Toronto, ON), and True North Sports & Entertainment (Winnipeg, MB). Last year's award winner for Best Teamwork in a Major Arena was the Air Canada Centre (Toronto, ON); known now, as Scotiabank Arena. Budweiser Gardens appreciates the recognition this award brings to the venue.



Each Year Spectra hosts an annual companywide Box Office, Marketing and Sales conference at one of our venues in North America. The conference includes an award presentation to honor venues and individuals who have demonstrated outstanding performance in the areas of sales, marketing, and ticketing which led to new levels of success for Spectra venues. Budweiser Gardens was honoured to receive the award for 'Great Team' and 'Show Us The Money'.



GREAT TEAM AWARD

The Great Team award paid tribute to the venue with a team who had inventively collaborated and worked together to achieve new levels of excellence for their venue over the past year. The entire team at Budweiser Gardens came together to put on the biggest music event in Canada- The 2019 JUNO Awards. Marketing, Box Office, F&B and Operations were integral in making this event a huge success for not only the venue but for the city of London. Five members of the Budweiser Gardens team were on the local host organizing committee for the JUNOS and were integral in making sure things ran smoothly. The team at Budweiser Gardens also worked closely with Live Nation and CARAS (The Juno Awards) to partner and create the JUNO Side Stage. Overall, Budweiser Gardens raised close to \$125,000 for Musiccounts! The JUNO Awards put London and Budweiser Gardens on the national stage. Overall the event was a huge success and helped showcase what the team at Budweiser Gardens can do to industry execs, labels, artists and fans alike.

SHOW US THE MONEY AWARD

This award was presented to the venue with the best revenue generating initiative and Budweiser Gardens was the recipient for the Last Minute Club Initiative. The initiative was launched in January 2019 for all sold out shows at Budweiser Gardens. The box office and marketing team worked together with our neolane/adobe rep to set up a form on the ticketing event page for all sold out shows, which allows fans to sign up their email to be notified should tickets become available at a later date. Once the box office confirms a large ticket release, they contact the marketing department to send out an email to the Last Minute club for that show with a special code to buy tickets. Each email resulted in near sell out of the tickets released. So far we have been able to send 5 last minute club emails, resulting in 6,068 emails being sent, an average open rate of 56%, average CTR of 44% and 770 tickets sold for a revenue of \$54,140.

SHINING STAR AWARD

Budweiser Gardens also brought home the Shining Star Award, awarded to the venue with excellence in execution of best practices and leadership in Innovation. Budweiser Gardens executed many of the recommended best practices campaigns and initiatives that were rolled out across all of the Spectra Venue Management FanOne Marketing Automation Venues. In addition to executing the recommended campaigns and initiatives, Budweiser Gardens has been an innovator. Budweiser Gardens has worked with FanOne to determine how best to take advantage of the advanced marketing automation functionalities. In particular, the first venue to launch the Last Minute Club initiative which identified a new revenue generation opportunity.

FUTURE OUTLOOK

Spectra Venue Management and Budweiser Gardens have established an exceptional reputation of hosting world-class artists and performances. Following a successful 2018-2019 Year, the Spectra team at Budweiser Gardens are looking forward to another great season. This fiscal year will start off with two fan-favourite concerts, Def Leppard's Hits Canada tour on July 22nd and Michael Buble on July 29th.

This coming season we are looking forward to our partnership with Fanshawe College as they will be presenting our Speaker Series. The series will include An Interactive Evening with Gene Simmons, and Dr. Phil. Each of these events will allow patrons to hear stories from iconic personalities in an intimate and candid conversation.

We are looking forward to welcoming back Canadian icons, Arkells, this fall. Arkells have been playing in Southwestern Ontario for many years, from pubs and restaurants to arenas and stadiums. We are also thrilled to welcome back Olympic Champions and our favourite hometown duo Tessa Virtue and Scott Moir when Rock the Rink skates in to town. Returning performers are welcomed with open arms, our patrons show the excitement and appreciation for these artists and we proudly

offer up our stage time after time.

Broadway in London will be back for another great season, bringing an impressive lineup to the Start.ca Performance Stage at Budweiser Gardens! This season will offer four spectacular titles including Beautiful: The Carole King Musical, the ever popular Jersey Boys, the graceful and captivating Riverdance, and the most beloved film franchise in history featuring a live symphony orchestra Harry Potter and the Prisoner of Azkaban™ In Concert. We look forward to what is sure to be another successful Broadway season!

Budweiser Gardens will continue to raise the profile of the venue within the industry, region and community through hosting a diverse blend of events throughout the next fiscal year. In addition to our roster of top notch events there will be a heavy emphasis on continuing to give back to the community and coming up with creative and progressive green initiatives. We plan to continue touring the facility to representatives of future markets that are looking to emulate our venue plan for a future downtown facility. Spectra Venue Management will also strive to maintain our social media prowess and engage fans beyond our event dates inside the venue, for a well-rounded entertainment experience in a local facility.



BUDWEISER GARDENS

99 DUNDAS ST.
LONDON, ON
N6A 6K1

BUDWEISERGARDENS.COM
519 667-5700

Budweiser
GARDENS

 **SPECTRA**

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON FEBRUARY 18, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	FUTURE TAX POLICY – POSSIBLE DIRECTIONS

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following report **BE RECEIVED** for information:

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Finance and Administration Committee Report, September 28, 2011 – Future Tax Policy

Corporate Services Committee Report, January 19, 2016 – Future Tax Policy – Possible Directions

Corporate Services Committee Report, February 19, 2019 – Future Tax Policy – Possible Directions

Corporate Services Committee Report, October 22, 2019 – Vacant/ Excess Land Subclass Reductions and Other Tax Policy Issues

REPORT INDEX

A. EXPLANATION OF TERMS

1. What is a tax ratio?
2. What are the Provincial thresholds for tax ratios?
3. What are the Provincial Targets/Allowable Ranges?
4. How do London's Tax Ratios compare to Provincial Thresholds and other municipalities?

B. TAX RATIOS AND DIFFERENT PROPERTY CLASSES

1. Why are tax ratios different for different property classes and why does each municipality have different tax ratios?
2. Is there any justification for tax ratios being different in different property classes?
3. Is there any justification for industrial and multi-residential tax ratios being higher than the commercial tax ratio as was the pattern in many municipalities?

C. POSSIBLE DIRECTIONS FOR FUTURE TAX POLICY

1. Maintain tax ratios in the three (3) main non-residential classes at their current levels.
2. Reduce all the tax ratios for non-residential property classes in a gradual way possibly giving priority to the multi-residential property class.
3. Focus only on lowering the multi-residential tax ratio over a period of time.
4. Adjust ratios on an annual basis to mitigate assessment related tax increases in non-residential property classes possibly giving priority to the multi-residential property class.
5. Review the effect of future reassessments on all property classes and consider all options available with respect to tax ratios.

BACKGROUND

A. EXPLANATION OF TERMS

1. *What is a tax ratio?*

Tax ratios compare the tax rate for municipal purposes in a particular property class to the residential class. The ratio for the residential class is deemed to be 1.00. A tax ratio of 1.92 for the commercial class would therefore indicate a municipal tax rate 1.92 times the residential municipal tax rate. (Education tax rates are set by the Province and are not dependent on tax ratios approved by municipal Councils.)

2. *What are the Provincial thresholds for tax ratios?*

Beginning in the year 2001, the Province established threshold tax ratios for three (3) property classes - commercial, industrial, and multi-residential. At the time, the Province indicated that these threshold ratios represented the Provincial average in each class. Under provisions of the *Municipal Act*, and related regulations, municipalities were not permitted for the year 2001 or subsequent years to impose a general municipal levy increase on a property class which had a ratio exceeding the Provincial threshold or average. Beginning in 2004, this restriction was modified somewhat to permit levy increases at half the residential rate in property classes with tax ratios above Provincial thresholds. The Province has permitted this flexibility every year since 2004. The general principle however continues that property tax increases cannot be spread evenly over all property classes if any tax ratio exceeds the Provincial thresholds.

3. *What are the Provincial Targets/Allowable Ranges?*

The allowable ranges for tax ratios are set out in Ontario Regulation 386/98. These were theoretically the long term targets for tax ratios set by the government of Premier Mike Harris during the major property tax reform in Ontario, which began in 1998. The concept of tax reform was that municipalities could not move their tax ratios away from these targets/ranges. They would only be allowed to move their ratios towards these targets/ranges.

As long as a municipality maintains its tax ratios below the Provincial thresholds and above the Provincial targets/allowable ranges, the Provincial legislation does not require any levy restriction on any non-residential class. London's non-residential tax ratios are all below Provincial thresholds and above the "Provincial targets/allowable ranges". As can be seen on Schedule A, virtually all municipalities in Ontario have tax ratios that,

like London, are above the “Provincial targets/allowable ranges.

4. How do London’s Tax Ratios compare to Provincial Thresholds, and other municipalities?

As indicated, none of the property classes in the City of London have tax ratios that are above the Provincial thresholds. The only property class in London that was ever above the Provincial threshold was the industrial class. Council moved the industrial ratio down to the threshold for 2001 taxation. At the time of reassessments in 2006, 2009, 2013 and 2017, Council maintained the policy of not permitting tax ratios in any property class to exceed Provincial thresholds.

Schedule A, attached, summarizes the tax ratios for all municipalities with populations greater than 110,000 included in the 2019 Municipal Study prepared by BMA Management Consulting Inc.. London has a commercial tax ratio that is above the median for the group by 4.3% and 7.0% above the average. The multi-residential and industrial tax ratios are both below the median and averages for the group.

The tax ratios in effect for the year 2019, and their proximity to the Provincial thresholds or averages established in 2001, as well as the Provincial targets or allowable ranges, can be summarized as follows:

Table 1: 2019 City of London Tax Ratios compared to Provincial Threshold/Average

	City of London 2019 Tax Ratio	Provincial Threshold/Average (O.Reg. 73/03)	Provincial Targets/Allowable Ranges (O.Reg. 386/98)
Commercial	1.920000	1.98	0.6 to 1.1
Industrial	1.920000	2.63	0.6 to 1.1
Multi-Residential	1.749100	2.00	1.0 to 1.1
Pipeline	1.713000	N/A	0.6 to 0.7
Farm	0.102820	N/A	N/A
Residential	1.000000	N/A	N/A
New Multi-Residential	1.000000	N/A	1.0 to 1.1

Schedule B, attached, provides comparative information on how different municipalities tax the various different major property classes. The information from Schedule B comes from the 2019 BMA Municipal Study and includes all municipalities with populations greater than 110,000. The last column of Schedule B is a theoretical calculation that shows the tax increase that would be required in the residential property class in each municipality if all property classes had a tax ratio of 1.00. Schedule B indicates that the theoretical adjustment for the City of London would be close to the middle of the group, without giving special weighting to Toronto to reflect its much larger size. Schedule B indicates that the City of London’s tax ratios are in the average range and not unusual when compared to other major centres in the Province.

B. TAX RATIOS AND DIFFERENT PROPERTY CLASSES

1. Why are tax ratios different for different property classes and why does each municipality have different tax ratios?

Prior to 1970, the assessment of property for property taxation purposes was under the jurisdiction of each individual municipality in the Province. One result of this highly decentralized system was that the assessment valuation system was inconsistent from one municipality to another within the Province. Another result was the difference in the treatment of different property classes developed within municipalities. In 1970, after a report by the Ontario Committee on Taxation, the Provincial Government assumed

responsibility for property assessment from all municipalities. The new system, started in 1970, was a market value system, however, adopting a pure market value system was offered to municipal governments on a voluntary basis.

Since the adoption of a pure market value assessment system in 1970 would have resulted in major shifts in taxation between property classes, virtually all municipalities did not adopt a pure market value assessment system. Instead, municipalities adopted a factored market value system where taxation shifts between property classes did not occur. Under a factored market value system each property within a property class was given:

- a) an assessment value (calculated as its market value); multiplied by,
- b) a specific factor expressed as a decimal. This specific factor was a uniform decimal number for each property class.

By this method, taxes were allocated based on market value within each property class. At the same time, however, taxes did not shift between property classes and the classes maintained the same tax burden that they had before the change to market value assessment.

In preparation for the major property tax reform to be implemented in 1998, the Province passed the *Fair Municipal Finance Act, 1997*. This legislation required the entire Province to be reassessed, based on market value, and brought an end to factored assessments. Beginning in 1998, all properties were required to be assessed at market value, rather than a factored market value, and this un-factored market value was to be the taxable amount shown on tax bills.

At the same time the Province recognized that they could not cause huge tax shifts between property classes as a result of the new system. To prevent tax shifts, the Province permitted property classes to have different tax rates as determined by the municipalities. The concept of tax ratios was then created in the new legislation so that the Province could set the rules as to what would be permissible with respect to tax rate differences between property classes. These are the rules we live with today, some of which have been briefly described earlier in this report.

2. Is there any justification for tax ratios being different in different property classes?

When the Province introduced the *Fair Municipal Finance Act, 1997*, the implied assumption in the legislation appeared to be that all property classes should have a tax ratio of 1.00 and there was no logical justification for tax ratios in different classes greater than 1.00. This thinking was demonstrated in the rules adopted in the legislation with respect to changing tax ratios, the establishment of thresholds for certain classes, and the allowable ranges/targets established with Ontario Regulation 386/98 (see previous table in this report).

At the same time, however, the Province recognized in the legislation that immediately moving to tax ratios of 1.00 for all major property classes was not realistic or practical. History, since 1998, has also shown that moving quickly to tax ratios of 1.00 for all property classes was not realistic or practical as a result of the impact on the residential class. Schedule B of this report shows the impact of a pure market value system with tax ratios of 1.00 for a large sample of municipalities in the Province.

In addition to possible concerns about the simple impact on the residential class of a uniform tax ratio of 1.00, there are significant issues relating to logic of such an approach. These are as follows:

- a) historical tax ratios are built into the present system and competitive environment;
- b) property taxes in certain property classes are tax deductible;
- c) market value has a different meaning in different property classes; and,
- d) the principle of taxation incidence (who is really paying the tax) indicates that a commercial entity has some ability to pass a tax onto its customers depending on the market environment.

More detailed information is provided below for each issue noted above.

a) Historical tax ratios are built into the present system

Historical ratios are built into the economic environment and reflected in prices, wages, and profits in the local economy. When looking at this issue, one has to consider the larger economy of the Province and beyond, as well as the local economic environment of the City. For some commercial enterprises, their primary competitors will be other enterprises in the City. For others, the primary competitors will be in the greater region, elsewhere in the Province, in other Provinces, or in other countries. The tax ratios applicable to other competitors will be a factor in the competitive equation for doing business in the City.

The City will want to ensure that tax ratios faced by London businesses are at least competitive with tax ratios applicable to their competition. If the tax ratios in London are competitive, then it may not be advisable to significantly alter taxes in the residential class. It should always be kept in mind that maintaining competitive tax ratios in all classes, including the residential class, are a requirement for robust economic development. The availability of a productive labour force may be a more significant factor for economic development than the level of property taxation in a particular non-residential class. Schedule B indicates the significant adjustment that would result in the residential class if all tax ratios were immediately equalized to the residential class.

The general trend in recent years for municipalities, since property tax reform in 1998, has been to decrease tax ratios in non-residential classes, as a result of the requirements of provincial legislation and deliberate decisions by municipal Councils. Schedule A shows the tax ratios for municipalities with populations greater than 110,000, which were included in the 2019 BMA study. The average tax ratios for all the non-residential property classes shown on Schedule A (i.e. multi-residential, commercial, and industrial) have declined in recent years. Since 2006, the multi-residential class average tax ratio for the group has declined by about 19.64%, the commercial tax ratio has declined by about 5.37% and the industrial tax ratio has declined by about 7.84%.

b) Property taxes in certain property classes are deductible for income tax purposes

Property taxes in the commercial, industrial, and multi-residential classes are deductible in computing income for tax purposes. Residential property taxes, for the most part, are paid from after tax income. Depending on the marginal tax rates, there can be large differences when expenditures are viewed from a pre-income tax or an after-income tax perspective.

c) Market value has a different meaning in different property classes

Properties are valued by very different methods in residential versus non-residential property classes. There are basically three (3) methods of valuation:

i. Sale of property

Residential class properties are valued based on the actual sale of similar individual properties. There are usually numerous similar individual sales on which to base the determination. Properties sell in a market where houses are sold one (1) at a time.

ii. Income Method (future cash flow to property)

In the commercial and multi-residential classes, a property's market value is determined based on the income approach. This means that the income that the property generates is determined, and then that income stream is capitalized using an applicable multiplier based on an appropriate interest rate. This valuation method illustrates that the only consideration in value determination, in these kinds of properties, is income generating capabilities. Other types of factors will go into the valuation of a residential property.

iii. Construction Cost

In the industrial property class, properties are generally valued based on construction costs. Buildings in this class are often built to suit and there is not a large volume of transactions involving generic types of buildings.

In addition, multi-residential properties, although they may be residential in nature, sell in a completely different kind of market from a single-unit residential property. Multi-residential properties sell in large unit volumes between large commercial enterprises, whereas single-unit residential properties sell one (1) at a time and involve individuals. The differences in the market places can be viewed like the differences between a wholesale market and a retail market. The result is that properties that are physically very similar, can sell at substantially different prices in the two (2) market places. In many large Cities a residential condominium unit will have a much higher market value than a physically similar multi-residential rental apartment unit.

d) Taxation Incidence – who is really paying the property tax

Taxation incidence focuses on the ability of a commercial entity to pass any tax imposed onto its customers. In the case of an owner occupied residential property, taxation incidence is not an issue. The owner of the house must pay the tax, and the owner has no ability to pass the tax onto any other person. In the case of a commercial entity, however, the situation is quite different in that the commercial entity may have some ability to pass the tax onto its customer. The ability will depend on the competitiveness of the market place that the commercial entity is operating in and the level of demand for the service or product the commercial entity provides.

For non-residential property classes in the City of London, the market place will be determined to some extent by the market within the City boundaries and to some extent the market beyond the City's boundaries – i.e. the Province, the country, and foreign countries. For this reason it is always important for any taxing jurisdiction to ensure that its tax policies are competitive.

It would probably be a reasonable assumption that the average rate of tax in the market is built into the price of products and services in such a way that commercial entities can make a reasonable rate of return to justify investments. The result of tax policy may be:

- When a tax authority deviates significantly from the average, in the form of lower taxes, it is creating an incentive situation that may attract a certain type of investment or, alternatively, a windfall for investors in a particular sector.
- When a taxing authority deviates significantly from the average, in the form of higher taxes, it is creating a disincentive situation that may discourage a certain type of investment and ultimately lead to fewer employment opportunities for citizens.

Taxation incidence is a complex issue. The marketplace ultimately determines who pays a tax regardless of who writes the cheque (*Wikipedia introductory article*). To assume that the customer of a commercial entity is paying all the tax imposed on a commercial entity is probably equally as false as assuming that the commercial entity is paying all the tax imposed. Basic concepts of economics, namely supply and demand curves, provide the theoretical model; where the slope (elasticity) of the demand curve and the supply curve are equal, then an imposed tax should be shared equally between the seller and the buyer (*Wikipedia*).

3. *Is there any justification for industrial and multi-residential tax ratios being higher than the commercial tax ratio, as was the pattern in many municipalities?*

The simple, short answer to this question would seem to be “no”. All three (3) property classes, industrial, multi-residential and commercial, are similar as they:

- represent commercial activity;
- can deduct property taxes paid from income taxes; and
- trade in commercial markets where value is determined by cash flow or construction cost.

Taxation incidence is a relevant consideration in all three (3) property classes, suggesting the tax is probably shared between the buyer and the seller, as determined in the market place.

The general advice of economists to governments is to keep a level playing field and not try to pick winners and losers in the determination of tax policy. There would appear to be little justification for keeping any kind of tax ratio differential for these three (3) property classes. In 2011, the equalization of tax ratios in the three (3) main non-residential property classes was identified as a tax policy objective to be pursued in future years. Full equalization was achieved in 2015 when Council approved a ratio of 1.95 for the three (3) main non-residential property classes.

C. POSSIBLE DIRECTIONS FOR FUTURE TAX POLICY

In the 2016 and 2019 reports on Tax Policy, the following possible directions were identified:

1. Maintain the status quo with respect to tax ratios now that the objectives identified in 2011 had been achieved. (i.e. reduction of the tax ratios in the industrial and multi-residential property classes to the level of the commercial class)
2. Reduce the tax ratio in all the non-residential property classes to lower levels, but keep them equal as this process proceeds.
3. Focus on lowering the multi-residential class only or in priority to other non-residential classes

After the 2016 Future Tax Policy report, Council took an approach to lower the tax ratios in the non-residential classes somewhat, but giving priority to the multi-residential class. This is the third possible direction listed above in the 2016 Future Tax Policy Report. In 2015, the tax ratios for the three (3) main non-residential property classes were all 1.95. By 2019, the tax ratios established for the three main non-residential classes were as follows:

Commercial	1.9200
Industrial	1.9200
Multi-residential	1.7491

There has been a significant development in reference to the multi-residential class since the consideration of Future Tax Policy in 2016. On July 5, 2017, the Provincial Minister of Finance signed several regulations to require the adoption of the new multi-residential property class, for all municipalities in Ontario. One of the regulations filed required that the tax ratio for the class be set within a range of 1.0 to 1.1 for all municipalities. The regulations applied to any multi-residential property in Ontario built or converted from a non-residential use, pursuant to a building permit issued, on or after April 20th, 2017. The new multi-residential property class, as regulated by the Province, has a time limit after which the property will return to the regular multi-residential property class. The time limit is 35 years.

Prior to the issuance of the regulations to create the new multi-residential class in all municipalities, the Province expanded rent control, in accordance with the *Residential Tenancies Act*, to all residential rental properties. Prior to this expansion, rent control only applied to older buildings in rental use prior to November 19th, 1991. It would appear that the action to create the new multi-residential property class was motivated by a concern about the possible impact of the expansion of rent control on new construction or residential rental properties. In November 2018, however, the current Provincial government announced that residential units would not be subject to rent control if the units were never rented prior to November 16th, 2018.

Going forward, after 2019, it would appear there are at least four (4) possible directions for Council to consider during tax policy deliberations as follows:

- 1/ maintain tax ratios in the three (3) main non-residential classes at their current levels;
- 2/ reduce all the non-residential tax ratios in a gradual way possibly giving priority to the multi-residential property class;
- 3/ focus only on lowering the multi-residential tax ratio over a period of time; or,
- 4/ adjust ratios on an annual basis to mitigate assessment related tax increases in non-residential property classes possibly giving priority to the multi-residential property class.

1. *Maintain tax ratios in the three (3) main non-residential classes at their current levels*

The main argument for this approach, to Future Tax Policy, would be based on the assumption that the City has attained a situation where its tax ratios are reasonably competitive with other jurisdictions in Ontario, and has removed biases in its system that may have had a negative effect on potential industrial and multi-residential development. Under this approach, when future reassessments occur, existing tax ratios would be maintained and taxes would shift between property classes based on how market values in the various classes had changed. This approach would, however, still involve close monitoring of the City's competitiveness with respect to tax ratios in other Cities and could require adjustment of ratios as would be indicated in the annual review of tax policy.

2. Reduce the tax ratios in the three (3) main non-residential property classes in a gradual way possibly giving priority to the multi-residential property class

The commercial tax ratio in London is above the average for large population municipalities in Ontario by about 7.0% as shown on Schedule A. Schedule A also shows that both the multi-residential and industrial ratios are below the average for large population municipalities in Ontario. Council could consider adopting a tax policy objective to attain a uniform tax ratio for the commercial and industrial classes that is at, or slightly below, the average commercial level for the large population group identified on Schedule A. This could be done in conjunction with a further lowering of the multi-residential tax ratio below the commercial and industrial classes. We recommend against different ratios for the commercial and industrial property classes since this would be reintroducing a bias/distortion in the property tax system that Council succeeded in removing prior to 2016.

The purpose of a policy objective to lower non-residential tax ratios would be to improve the competitiveness of the City, and enhance economic development and employment opportunities in the City. The implementation of such a policy objective would necessarily be gradual and would have to take into consideration the following:

- future Province wide reassessments;
- Provincially established education tax rates; and,
- the effect of tax ratio changes on the residential property class.

All these factors would have to be considered each year as part of the annual tax policy review and tax ratio setting process.

3. Focus on lowering the multi-residential class, only or in priority to other non-residential classes

There seems to be some political support for this approach across the Province. Support for this position appears to be based on the assumption that, all of any reduction in property taxes will flow through to tenants. This would seem, however, to be a questionable assumption based on the principle of taxation incidence. The *Residential Tenancies Act, 2006* does require that decreases in property taxes be transferred onto the current tenant where the decrease exceeds 2.49%, but there are significant limitations and qualifications to this requirement.

The actions by the Province in 2017, to create a new multi-residential property class, has created a situation where multi-residential properties are being taxed on a long term basis at very different levels, based on nothing more than when they were constructed. This would seem to contradict one (1) of the basic principles of tax policy, in reference to property taxation. That basic principle being that, all properties within the same property class should pay the same tax rate. There does not appear to be any indication that the current government, at the Provincial level, has any intention to change the regulations issued by the previous government to establish the new multi-residential property class.

Because of the actions of the Province, including the extended term of 35 years, Council may wish to consider adopting a policy to adjust the tax ratio for the multi-residential property class to the new multi-residential property class level gradually over an extended period of time. The justification for this approach would be to establish equity within the property class, so that all properties would be subject to the same tax rate on their market value. The approach would need to be gradual to mitigate the effect on other property classes. This approach should provide an incentive for investment in the multi-residential property sector, however, the type of investment would be of the type that would provide the best return for investors in the sector.

Is the Multi-residential Property Class a Business Property Class? Should it be treated differently from other Business Property Classes?

The Region of Waterloo reviewed its approach to the Multi-residential property class in 2019. The Region has had very similar tax ratios to the City of London. The recommendation of staff at the Region of Waterloo, after reviewing its multi-residential ratio, was not to make any changes and maintain the ratio at the level of the commercial and industrial property classes at 1.95.

One of the primary arguments presented by staff for this approach was that all three (3) property classes were business property classes and, therefore, they should all have the same tax ratio. The Region's staff report reads as follows:

“The Region's tax policy has been that businesses should all be taxed at the same rate. The commercial, industrial and multi-residential tax classes have had the same ratio of 1.95 since 2010 and therefore the same tax rates.”

The regional Council in Waterloo accepted the staff recommendation. As indicated on Schedule A of this report, the region has maintained the industrial, commercial, and multi-residential property classes at an equal tax ratio of 1.95.

Schedule A does indicate that there has been a general tendency of other municipalities in Ontario to decrease their multi-residential tax ratios. As indicated by the shading on Schedule A, nine (9) of the 17 municipalities listed lowered their multi-residential ratios in 2019. In addition, as noted at the bottom of Schedule A since 2006, the tax ratio average for the group has decreased by 19.64%

The Province's approach, to the multi-residential class, has been to impose an education tax rate equal to the residential rate, and prohibit any flexibility in increasing tax ratios for the multi-residential class to more than 2.0.

The Residential Tenancies Act

The requirement for a landlord to pass on a property tax decrease, per the *Residential Tenancies Act*, may not have significant application in the long term. This is because the rent reduction does not apply to any new tenant who arrives after the year the tax decrease has occurred. Also in 2018, a provision was added to the *Act* to exempt the owners of new buildings, that are occupied for the first time for residential purposes after November 15, 2018, from the requirement to pass on tax decreases to tenants.

The possible lack of a significant long term effect from the rent reduction provisions of the *Residential Tenancies Act* would explain why there appears to be no empirical evidence to suggest that lower tax ratios in the multi-residential class has the effect of lowering market rents in municipalities. The City of Hamilton did a study on the multi-Residential class in February 2009 that attempted to look into this issue. Excerpts from that study indicating the conclusion that they reached are included on Schedule D. Another factor in the impact of the *Residential Tenancies Act* would be that gradual declines in a multi-residential ratio may not cause a minimum 2.49% decrease and, therefore, not invoke application of the *Act*.

Restrictions on Increasing Tax Ratios in Non-Residential Classes

An important point to keep in mind when decreasing tax ratios in any non-residential property class, including the multi-residential class, is that, although Provincial legislation gives municipal Councils the discretion to lower tax ratios in non-residential classes, the same discretion does not apply to increases in tax ratios. This means that a municipal Council cannot necessarily lower a tax ratio in a non-residential class in one (1) year and then increase it or return it to its previous level in a subsequent year. Flexibility with respect to non-residential tax ratios will be affected by proximity to

provincially established thresholds, as indicated earlier in this report.

4. Adjust ratios on an annual basis to mitigate assessment related tax increases in non-residential property classes possibly giving priority to the multi-residential property class

Every four (4) years in Ontario there is a Province wide reassessment. Every reassessment will cause shifts in taxation between property classes because of particular market conditions in the various property classes. The taxation shifts are spread out over four (4) years as the reassessment is phased in. The primary tool available to municipal Councils to control taxation shifts, resulting from reassessments, is the setting of tax ratios. In the past Council has utilized this tool to mitigate tax increases in non-residential property classes, giving priority to the multi-residential property class. In the past, the City has adopted tax ratios in the multi-residential property class that equalized the tax increase in the residential and multi-residential property classes.

The next Province wide reassessment will occur for the calendar year 2021 and will be based on 2019 market values. At that time, the impact of the reassessment will need to be carefully reviewed as to the effect on all the different property classes. The reassessment will be phased in over four (4) years beginning in 2021. The phasing in process will establish a pattern of taxation shifts between property classes, which will be applicable to the years 2021, 2022, 2023, and 2024. In 2021, depending on how the reassessment affects the residential property class, Council may wish to amend possible direction four (4) to include both the residential and non-residential property classes.

Other information attached to this report

The following schedules, not previously referenced in this report, have been attached to this report to provide additional information and context regarding tax policy. All Provincial tax legislation is based on tax ratios because they are reliable and directly comparable from one (1) municipality to another.

Schedule C – 2019 Net Municipal Levy per Capita in BMA Study for Populations over 110,000

Schedule E – Excerpt from Financial Management section of the 2018 Financial Report – Property Taxation Policy in the City of London
(This report provides historical context for tax policy development in the City of London, since the commencement of the major tax reform in 1998.)

Preview of Final 2020 Tax Policy Report

For 2020, there will be two (2) changes which have not appeared in previous tax policy reports. The 2020 taxation year will be the first year where there should be no tax rate discounts for vacant and excess land in the commercial and industrial property classes. Council approved this change in 2019, but it is still subject to regulation by the Minister of Finance. We anticipate this regulation should be published in April 2020. The removal of the discount for municipal property taxes is consistent with the Province's decision to completely remove the discount in 2020 for education taxes.

In addition, based on a review of farm land tax rates in the London vicinity and the BMA study, there will be no recommendation for further mitigation of farmland within City boundaries in 2020. In past years, the City has equalized tax rate increases in the residential and farmland property classes in a period where farmland values have increases at significantly greater rate than residential property.

For the first time in 2020, London will have the new multi-residential assessment class on the roll certified for 2020 taxation. Since the new multi-residential property class will be paying the same tax rate as the residential property class, there will be no recommendation to mitigate tax increases in the new multi-residential property class.

The Province provided all municipalities in Ontario with draft education tax rates in a letter dated December 20th, 2019. Using those draft education tax rates, and making the changes for 2020 described in previous paragraphs, we have gone ahead and completed tax calculations, assuming Council adopted similar tax policy decisions to those approved in 2019.

In 2019, Council decided to equalize the municipal tax increase in the multi-residential and residential property classes, and to slightly decrease the tax ratios in the commercial and industrial property classes. For the purposes of this draft calculation, for illustrative purposes, we have used a 2020 draft tax levy of \$638,258,199 which implies a 3.55% tax levy increase in total on year end assessments. This tax levy amount will vary based on the outcome of budget deliberations. The following table shows the average effect on each property class including and not including education taxes using this draft tax levy amount:

Table 2: Application of Tax Policy assuming same strategy as 2019 Tax Policy

Property Class	Average Tax Increase as a % - municipal taxes + education taxes	Average Tax Increase as a % - municipal taxes only	Tax Ratios required
Commercial (excluding vacant and excess land)	4.5%	5.5%	1.900000
Farmland	13.7%	15.3%	0.102820
Industrial (excluding vacant and excess land)	1.1%	2.2%	1.900000
Multi-residential	2.4%	2.7%	1.711900
New Multi-residential	4.2%	4.9%	1.000000
Pipeline	1.4%	2.9%	1.713000
Residential	2.0%	2.7%	1.000000
Total levy increase on year end assessments as a %	2.9%	3.5%	

It should be noted that the tax increases by property class is an average, therefore tax increases for individual properties will vary.

SUMMARY

The purpose of this report is to identify possible directions for Future Tax Policy for Council's consideration and to provide historical context going forward. In the spring, once the 2020 tax levy is approved, Civic Administration will look to submit 2020 Tax Policy, consistent with prior years.

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Attachments

LIST OF ATTACHMENTS

FUTURE TAX POLICY – POSSIBLE DIRECTIONS

Schedule A Tax Ratios for Municipalities in BMA Study with Populations Over 110,000

Schedule B Shift in Tax Burden Un-weighted to Weighted Residential Assessment for Municipalities in BMA Study with Populations Over 110,000

Schedule C 2019 Net Municipal Levy per Capita in BMA study for Municipalities with Populations Over 110,000

Schedule D Excerpts from City of Hamilton report on Multi-residential tax ratios in February 2009

Schedule E Excerpt from Policy Overview and Economic Update – 2018 Financial Report – Property Tax Policy in the City of London

SCHEDULE "A"
TAX RATIOS FOR MUNICIPALITIES IN BMA STUDY WITH POPULATIONS
OVER 110,000

Municipality with > 110,000 Population in 2019 BMA Study	Multi- Residential Tax Ratio	Commercial Tax Ratio (Residual)	Industrial Tax Ratio (Residual)	Industrial Tax Ratio (Large)	Average of Large and Residual Industrial Tax Ratios
Barrie	1.0000	1.4331	1.5163	1.5163	1.5163
Brampton	1.7050	1.2971	1.4700	1.4700	1.4700
Durham	1.8665	1.4500	2.1040	2.1040	2.1040
Greater Sudbury	1.9650	1.9420	3.7263	4.3254	4.0259
Guelph	1.8254	1.8400	2.2048	2.2048	2.2048
Halton	2.0000	1.4565	2.3599	2.3599	2.3599
Hamilton	2.5671	1.9800	3.3696	3.9513	3.6605
Kingston	1.8000	1.9800	2.6300	2.6300	2.6300
London	1.7491	1.9200	1.9200	1.9200	1.9200
Mississauga	1.3461	1.5007	1.6266	1.6266	1.6266
Niagara	1.9700	1.7349	2.6300	2.6300	2.6300
Ottawa	1.4005	1.8249	2.5521	2.1916	2.3719
Thunder Bay	2.2850	2.1152	2.4151	3.1700	2.7926
Toronto	2.3444	2.7800	2.7632	2.7632	2.7632
Waterloo	1.9500	1.9500	1.9500	1.9500	1.9500
Windsor	2.0000	2.0187	2.3200	2.9381	2.6291
York	1.0000	1.2794	1.5704	1.5704	1.5704
Average	1.8102	1.7943			2.3662
Median	1.8665	1.8400			2.3599
Minimum	1.0000	1.2794			1.4700
Maximum	2.5671	2.7800			4.0259
Provincial Threshold	2.0000	1.9800	2.6300	2.6300	2.6300
London Compared to Median	-6.3%	4.3%			-18.6%
London Compared to Average	-3.4%	7.0%			-18.9%
change in group averages since 2006	-19.64%	-5.37%			-7.84%

decreases in ratios

increases in ratios

SCHEDULE "B"

SHIFT IN TAX BURDEN - UNWEIGHTED TO WEIGHTED RESIDENTIAL ASSESSMENT FOR MUNICIPALITIES IN BMA STUDY WITH POPULATIONS OVER 110,000

Municipality with > 110,000 Population in 2019 BMA Study	Residential Unweighted Assessment	Residential Weighted Assessment	% Change	Implied Adjustment to Residential Taxes
Toronto	74.1%	52.2%	-21.9%	42.0%
Thunder Bay	79.4%	64.0%	-15.4%	24.1%
Greater Sudbury	79.5%	64.2%	-15.3%	23.8%
Windsor	74.7%	60.6%	-14.1%	23.3%
Cambridge	75.1%	61.8%	-13.3%	21.5%
Kingston	74.0%	61.3%	-12.7%	20.7%
Waterloo	74.0%	62.2%	-11.8%	19.0%
Guelph	78.5%	66.3%	-12.2%	18.4%
Hamilton	82.0%	69.5%	-12.5%	18.0%
Kitchener	79.0%	67.0%	-12.0%	17.9%
Ottawa	75.1%	64.2%	-10.9%	17.0%
St. Catherines	79.0%	68.2%	-10.8%	15.8%
London	80.7%	70.2%	-10.5%	15.0%
Burlington	78.9%	69.8%	-9.1%	13.0%
Mississauga	72.8%	64.6%	-8.2%	12.7%
Oshawa	79.8%	71.3%	-8.5%	11.9%
Oakville	84.9%	78.1%	-6.8%	8.7%
Milton	81.7%	75.7%	-6.0%	7.9%
Barrie	76.5%	71.1%	-5.4%	7.6%
Whitby	86.4%	80.6%	-5.8%	7.2%
Vaughan	79.3%	74.6%	-4.7%	6.3%
Brampton	81.5%	76.8%	-4.7%	6.1%
Markham	85.5%	82.6%	-2.9%	3.5%
Richmond Hill	89.7%	87.6%	-2.1%	2.4%

If all non-residential classes were at 1, residential taxes would increase by 15%

Average	15.2%
Median	15.4%
Maximum	42.0%
Minimum	2.4%

London Compared to Median	-2.9%
London Compared to Average	-1.3%

Residential unweighted assessment does not reflect any weighting of various classes with tax ratios.

Residential weighted assessment reflects the weighting of non-residential assessment with tax ratios.

SCHEDULE "C"
2019 NET MUNICIPAL LEVY PER CAPITA IN BMA STUDY WITH
POPULATIONS OVER 110,000

Municipality with > 110,000 Population in 2019 BMA Study	2019 Net Municipal Levy Per Capita
Milton	\$1,116
Brampton	\$1,328
Kitchener	\$1,338
Markham	\$1,346
London	\$1,476
Toronto	\$1,478
Mississauga	\$1,490
Windsor	\$1,531
Burlington	\$1,540
<i>St. Catherines</i>	<i>\$1,546</i>
Hamilton	\$1,557
Richmond Hill	\$1,562
Cambridge	\$1,577
Barrie	\$1,584
Greater Sudbury	\$1,624
Oshawa	\$1,660
<i>Ottawa</i>	<i>\$1,662</i>
Whitby	\$1,685
Vaughan	\$1,690
Guelph	\$1,696
Thunder Bay	\$1,749
Kingston	\$1,785
Oakville	\$1,801
Waterloo	\$1,875

Average	\$1,571
Median	\$1,570
Minimum	\$1,116
Maximum	\$1,875

London Compared to Median	-6.0%
London Compared to Average	-6.0%

The 2019 net municipal levy per capita for the City of London is 6% below the median of municipalities with populations greater than 110,000. This indicates the total net municipal levy needed to provide services within each municipality.

SCHEDULE "D"

Excerpts from City of Hamilton report on Multi-residential tax ratios February 2009

***Ontario, City of Hamilton, Corporate Services Department, Budgets & Finance Division,
February 19, 2009.***

"No documented evidence that a reduced multi-residential tax ratio equates to lower rents:

- Municipalities who have reduced their multi-residential tax ratio have seen rent increases at the same rate or higher than those communities with minimal or no reduction to their multi-residential tax ratio (rents are market driven).
- Although Hamilton has a high multi-residential tax ratio, the average rent for a two-bedroom apartment in Hamilton (CMA) continues to be among the lowest in Ontario, with average rent increases being one of the lowest (below the rent guideline)." (p.2)

"Municipalities with significant reductions to their multi-residential tax ratios over this same time period have not seen corresponding significant reductions in the average rent. For example, as identified previously, Ottawa had reduced its multi-residential tax ratio -25% from 1989 to 2008; however the average rent for a two-bedroom apartment has increased 32% over this same time period. Similarly, Waterloo Region (Kitchener above) has reduced its multi-residential tax ratio -33% from 1998 to 2008, yet the average rent for a two-bedroom apartment has increased 32% as well." (p. 8)

"Should Council want to consider a reduction in the multi-residential tax ratio, staff would suggest reducing it to a target of 1.99 (the current 2009 commercial tax ratio). Targeting the commercial ratio is consistent with most municipalities that have set a target for reduction. As well, staff would recommend that any reduction be phased-in to minimize the impact on the other property classes." (p.3)

SCHEDULE “E”

Financial Management

Property Taxation Policy

Property tax policy in the City is guided by four (4) principles as follows:

- Equity
- Economic Development
- Transparency and Public Acceptance
- Administrative Efficiency

Every year as part of its tax policy review, the City reviews its tax ratios and compares them to other municipalities in the Province to ensure they are equitable, competitive and conducive to economic development.

A major component of property tax policy in Ontario is the annual setting of tax ratios for property classes by Municipal Councils. Tax ratios determine the relative tax level for the various property classes within a municipality. In September 2011 in a report on future tax policy, an objective was identified to lower and equalize the tax ratios for multi-residential and industrial properties to a level equal to the commercial property class. The objective was to lower the ratios over a number of years subject to Council’s approval each year.

The first step of this process began in 2013 with a decrease in the multi-residential tax ratio only.

In 2014, both the multi-residential and industrial tax ratios were reduced.

The multi-residential tax ratio was brought down to a level equal to the commercial tax ratio in that year. In 2015 the industrial tax ratio was adjusted to a level equal to the commercial and multi-residential property classes and the objective identified in 2011 therefore has been achieved. The purpose of these changes has been to promote economic development in the industrial and multi-residential property classes and enhance equity in these property classes relative to the commercial class.

In 2018, the City further adopted a policy of equalizing municipal tax increases in the multi-residential and the residential classes. This was accomplished by adjusting the tax ratio in the multi-residential class resulting in a slightly reduced multi-residential tax ratio. This policy is continued in 2019. The City also reduced Commercial and Industrial tax ratios in 2018 and 2019 from 1.95 to 1.92.

Since 1998 the City has adopted all available options to reduce the amount of tax mitigation involving clawing back tax decreases and capping increases in the commercial, industrial and multi-residential property classes. For 2018 there was no tax mitigation in the industrial and multi-residential property tax system and only a very few properties had tax increases capped in the commercial property class. No properties will have tax decreases clawed back in any property class in 2019. The ending of the tax mitigation required by the Provincial Government will simplify the calculation of property taxes and will enhance equity and transparency in the property tax system in London.

Future Tax Policy

As part of its annual tax policy review, the City will continue to monitor its tax ratios in all classes and all its other policies related to taxation to ensure that property taxation in the City is equitable, conducive to economic development, transparent to the public and administratively efficient.

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON FEBRUARY 18, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT	CORPORATE ASSET MANAGEMENT SYSTEM CONTRACT AMENDMENT - ASSETIC CANADA HOLDINGS INC.

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, with the advice of the Manager III, Corporate Asset Management, the following actions be taken with respect to the Corporate Asset Management (CAM) Software System:

- a) the attached proposed by-law (Appendix “A”) being “A by-law to approve the Amending Agreement between The Corporation of the City of London and Assetic Canada Holdings Inc. to provide for ongoing license and support fees for the Corporate Asset Management Computer System” BE INTRODUCED at the Municipal Council Meeting to be held on, 2020 it being noted that the Amending Agreement will provide for license and support fees for the Corporate Asset Management Computer System at the same original Request for Proposal (RFP) bid price, \$113,500, HST per year, for an additional three years (2020, 2021 & 2022) in accordance with section 20.3 (e), Contract Amendment, of the Procurement of Goods and Services Policy;
- b) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with the Agreement noted in a) above.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- June 8, 2016, Report to Corporate Services Committee – RFP 14-72 Corporate Asset Management System Acquisition – Assetic Canada Holdings
- 2016-2019 Multi-Year Capital Budget - Project TS 1350 Corporate Asset Management Software

2019-2023 STRATEGIC PLAN

This report and recommendation supports several strategic priorities including:

Strategic Area of Focus	Expected Result	How are we doing it?
Building a Sustainable City	<i>Maintain or increase current levels of service.</i>	<ul style="list-style-type: none"> • Develop and document current levels of service and identify proposed level of services.
	<i>Manage the infrastructure gap for all assets.</i>	<ul style="list-style-type: none"> • Prioritize investment in assets to implement the Asset Management Plan. • Communicate the Infrastructure Gap.

Strategic Area of Focus	Expected Result	How are we doing it?
Leading in Public Service	<i>Improve public accountability and transparency in decision making.</i>	<ul style="list-style-type: none"> • Measure and publicly report on corporate performance.
	<i>Maintain London's finances in a transparent and well-planned manner to balance equity and affordability over the long term.</i>	<ul style="list-style-type: none"> • Continue to ensure the strength and sustainability of London's finances. • Promote and strengthen continuous improvement practices.
	<i>Increase efficiency and effectiveness of service delivery.</i>	

BACKGROUND

Through a Request for Expression of Interest/Qualifications (REOI/RFQUAL 14-14) followed by a Request for Proposal (RFP 14-72) process, a contract was awarded to Assetic Canada Holdings Inc. ("Assetic Canada") for provision of the Corporate Asset Management (CAM) Software System in accordance with the Procurement of Goods and Services Policy. At the time of the awarding of the original Request for Proposal in early 2016, Assetic Canada's submission was the lowest cost, most user friendly software product that best met the expectations of the City.

Assetic Canada provides pre-packaged asset management software, implementation, training, support and maintenance services. They have a range of innovative products installed at over 150 sites across Australia, New Zealand, South Africa, U.K., USA and Canada. Over the past few years Assetic has made a concerted push into the North American market via offices located in Toronto and Seattle, and have a presence in providing municipal asset management software in Ontario, Canada, and the United States.

Ultimately, Corporate Asset Management, including the software system, is intended to support continuous improvement, effective and efficient management of the Corporation's \$20.1 billion worth of assets. Historically the City of London has relied on ad hoc decentralized manual processes to produce reports like the State of Infrastructure Report and the Asset Management Plan. Obtaining Assetic's system helped to streamline process and simplified the creation of these Reports. Assetic's system had to fit within existing and planned systems that comprise the source of data for the City's many assets. Figure 1 depicts the overview of Assetic system's major components which depend on the City's key existing and proposed data sources (e.g. Computerized Maintenance Management system (CMMS), Geodatabase (GIS), Customer Service (CRM) and Financial System (JDE)) to effectively support standardized asset management practices.

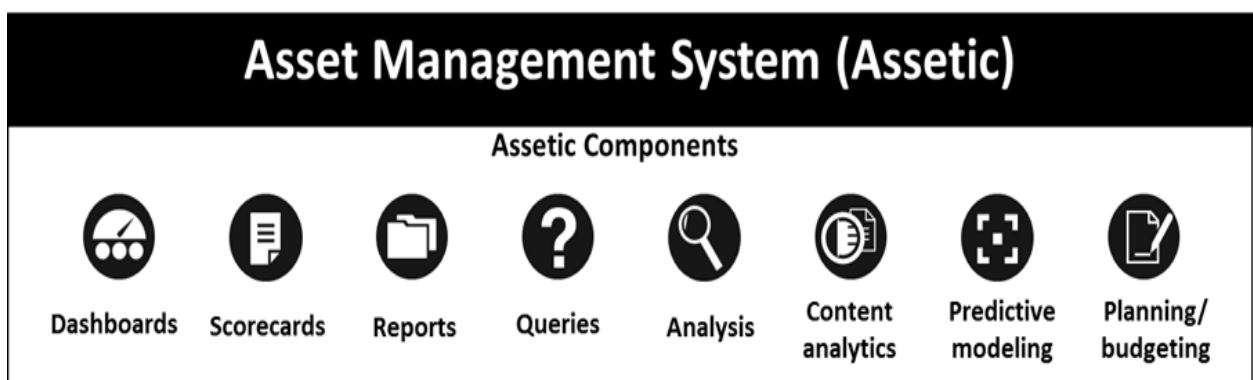


Figure 1: Asset Management System (Assetic)

The most recent example of the use of Assetic’s system was in the City’s 2019 Asset Management Plan. The CAM projected long term condition profiles to optimize service level outcomes and capital expenditures. Assetic’s decision making module (Predictor) was used for the City’s Core Assets (Water, Wastewater, and Transportation), the majority of Facilities (Recreation and Corporate Facilities) and other service areas such as Fleet and Fire Department. An example of a projected condition profile is listed in Figure 2. The City is also continuing a phase implementation of Assetic’s asset register module for the Transportation and Parks & Recreation pilot areas. This will be followed by full implementation across the City providing CAM the ability to optimize the City Capital budget across all the service areas.

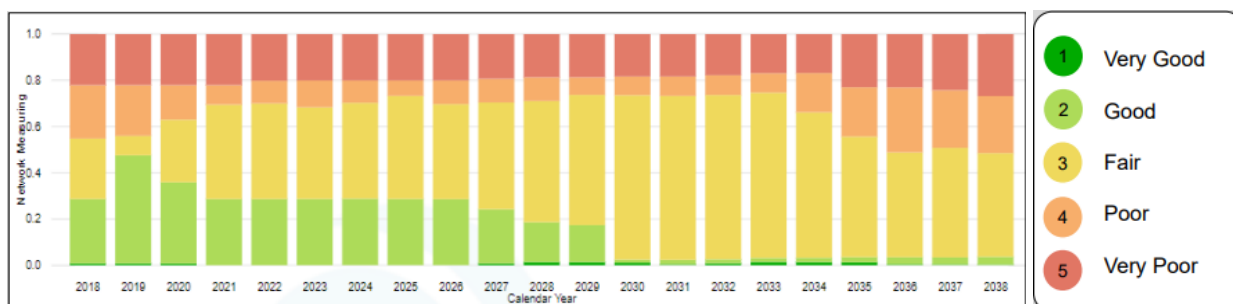


Figure 2: Example of a Projected Condition Profile using Assetic System (Predictor)

Contract Amendment Rationale

The recommended Contract Renewal Agreement is in accordance with section 20.3 (e) of the City’s Procurement of Goods and Services Policy noting that Assetic has been providing good service to the City – the predicted asset condition and pilot implementation informs the CAM Program, including the recent 2019 CAM Plan, and supports several strategic priorities of the City. The amendments to the existing contract include:

- i. The annual licensing fee of \$113,500 (before HST), for the current renewal period (2020-2022) is the same as the current Agreement fee, with the same services being provided to the City. This licensing fee is flat lined (no increase).
- ii. Options to renew at end of term with the ability to negotiate new fees after 2022;
- iii. Adjustment to appropriately reflect the legal name of Assetic Canada to Assetic Canada Holding Inc.

Financial Impact

The necessary funds are available in the annual Corporate Asset Management Operating budget.

SUBMITTED BY:	REVIEWED BY:
KHALED SHAHATA, PHD, P.ENG MANAGER III, CORPORATE ASSET MANAGEMENT	IAN COLLINS, CPA, CMA DIRECTOR, FINANCIAL SERVICES
RECOMMENDED BY:	
ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

Attached

cc: John Freeman, Manager III, Purchasing & Supply
 Kyle Murray, Director, Financial Planning & Business Support

Bill No.
2020

By-law No.

A by-law to approve an Amending Agreement between The Corporation of the City of London and Assetic Canada Holdings Inc. to provide for the ongoing license and support fees for the Corporate Asset Management Computer System.

WHEREAS subsection 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001*, as amended, provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under the *Municipal Act, 2001* or any other Act;

AND WHEREAS Municipal Council of The Corporation of the City of London considers it to be in the interests of the municipality to enter into an Amending Agreement with Assetic Canada Holdings Inc. to continue to use the Corporate Asset Management Computer System and to address the license and support fees for Years 4-6 (2020-2022);

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Amending Agreement attached as Appendix "A" to this by-law between The Corporation of the City of London and Assetic Canada Holdings Inc. to amend the agreement entered into with Assetic Canada Holdings Inc. on December 1, 2016 (the "Original Agreement") is hereby authorized and approved.
2. The Mayor and City Clerk are authorized to execute the Amending Agreement authorized and approved in section 1 of this by-law.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on March , 2020.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading –, 2020
Second Reading –, 2020
Third Reading –, 2020

Appendix "A"

AMENDING AGREEMENT

This agreement made the day of , 2020.

B E T W E E N:

THE CORPORATION OF THE CITY OF LONDON (the "Corporation")

- and -

ASSETIC CANADA HOLDINGS INC. ("Assetic Canada")

WHEREAS The Corporation of the City of London and Assetic Canada Holdings Inc. (the "parties") entered into an Agreement commencing December 1, 2016 for the acquisition and implementation of a Corporate Asset Management Software Computer System (the "Original Agreement");

AND WHEREAS the Original Agreement did not address licensing fees for years 2020-2022 and the parties wish to enter into an Amending Agreement to provide for annual ongoing license and support fees for years 2020-2022;

AND WHEREAS the parties wish to provide for a termination date of December 31, 2022 for the Original Agreement by executing an Amending Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements, and subject to the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1 The Original Agreement (attached as Schedule 1) shall be continued upon the same terms and conditions as therein set out, except as specifically varied in this Amending Agreement.

2 Assetic Canada Holdings Inc. ("Assetic Canada") acknowledges and agrees that it is the party referred to as Assetic Canada in the Original Agreement and is bound by same.

3 The Corporation will pay Assetic Canada an annual ongoing license and support fee of \$113,500 for the next three years. For greater clarity, the total fees the Corporation will pay to Assetic Canada for ongoing license and support from 2020-2022 will be \$340,500. The parties therefore agree to delete Schedule B of the Original Agreement and replace it with Schedule B (attached as Schedule 2).

4 This Amending Agreement and the Original Agreement (the "Agreement") together constitute the entire agreement between the parties.

5 The Agreement shall terminate on December 31, 2022.

6 The Agreement may be renewed at the sole discretion of the Corporation upon review of the proposed license and support fees for future years, which shall be submitted to the Corporation no later than July 1, 2022.

7 This Amending Agreement shall enure and be binding upon the parties and their respective successors and assigns.

8 This Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

IN WITNESS WHEREOF the parties have duly executed and delivered this Agreement as of the day and year first above written.

SIGNED, SEALED AND DELIVERED

THE CORPORATION OF THE CITY OF LONDON

**Ed Holder,
Mayor**

**Catharine Saunders,
City Clerk**

Assetic Canada Holdings Inc.

**Ben Moller
Channel Manager
I have authority to bind the corporation.**

"SCHEDULE 1"

THIS AGREEMENT made this ^{22nd} December , 2016.

**-
BETWEEN -**

THE CORPORATION OF THE CITY OF LONDON

300 Dufferin Ave, P.O. Box 5035
London, Ontario, Canada
N6A 4L9

Hereinafter called the "City" (of the first part)

- AND -

ASSETIC CANADA
111 Richmond St. W., Suite 500
Toronto, Ontario Canada
M5H 2G4

Hereinafter called the "Consultant" (of the second part)

WHEREAS in 2015, the City issued Request for Proposal (RFP) #14-72 for **Asset Management Software** in addition to **Addendum # 1 through to 5** (the "RFP");

AND WHEREAS on August 14, 2015 the Consultant submitted a bid in response to the RFP (the "Bid");

AND WHEREAS the City wishes to enter into an agreement with the Consultant for the services, as more particularly described in

Schedule A – Statement of Work

Schedule B –RFP Response and Bid, Updated Cost Proposal

attached hereto as Schedule "A" and Schedule "B" and forming part of this Agreement (the "Services"). In the event of any conflict between the terms of this Agreement and the terms of the Schedules, priority shall be given to the documents in the following order:

This Agreement

Schedule A

Schedule B

NOW THEREFORE THIS AGREEMENT WITNESSED the parties hereto agree with each other as follows:

1. The Consultant shall provide the Services pursuant to all the terms and specifications set out in Schedule "A" and Schedule "B".
2. The term of this Agreement shall commence December 1, 2016.
3. The City shall pay the Consultant for Services as provided for herein.
4. If either party, acting reasonably, determines that the other party has failed to perform its obligations pursuant to this Agreement, then such party may terminate this Agreement upon giving at least thirty (30) days' written notice to the other party.

This Agreement together with its schedule constitutes the entire understanding between the parties. Any change, addition to, or waiver of the terms hereof must be specifically agreed upon, in writing, by both parties.

This Agreement shall not be assigned, in whole or in part, by either party hereto (except as identified in Schedule A) without the prior written consent of the other party. This Agreement, all its covenants, promises and conditions shall ensure to the benefit of and be binding upon the parties hereto and their respective permitted successors and assigns.

Other Terms & Conditions

Timely and Accurate Information

The City agrees to use reasonable skill, care and attention to ensure that all information we may reasonably require is provided on a timely basis and is accurate and complete. The City agrees to notify us if it subsequently learns that the information provided is incorrect or inaccurate or otherwise should not be relied upon.

Changes to Service

Either party may request changes to the Services. The parties shall work with the City co-operatively to consider and, if appropriate, to vary any aspect of the engagement, subject to payment of reasonable additional fees and a reasonable additional period to provide any additional Services. Any variation to the Contract, including any variation to fees, services or time for performance of the Services, shall be set forth in separate documentation which shall form part of the Contract and to which these Terms and Conditions shall apply.

Reliance on Drafts

The City acknowledges that draft reports or advice, whether oral or written, issued by the Consultant may be subject to further work, revisions and other factors which may mean that such drafts are substantially different from any final report or advice issued.

Payment Terms

The Consultant's policy is to bill monthly for milestones completed (see table below) during the previous month, with payment net thirty days. The consultant reserves the right to charge interest at the rate of 1% per month for payment of any invoices not received within 30 days of billing.

Milestone / Stage	Payment	%
Upfront	\$25,860	30
1 Planning and Discovery		
2 Assetic Deployment and Installation (Assets, Assessments and Accounting)		
3 Data Import & Validation	\$17,240	20
4 Assetic Modelling & Setup		
5 Reporting and Results	\$17,240	20
6 Assetic Deployment and Installation (Predictor)		
7 Testing	\$8,620	10
8 Training	\$8,620	10
9 Post Implementation	\$8,620	10

Limitation of Liability

The Consultant's entire liability to the City under this engagement for damages from any cause whatsoever shall not exceed the aggregate of the amounts paid by the City pursuant to this Contract Proposal.

Insurance

The Consultant shall, at its own expense, obtain and maintain until the termination of this Agreement and provide the Corporation with satisfactory evidence of:

(a) Commercial general liability insurance on an occurrence basis for an amount not less than Two Million (\$2,000,000.) Dollars and shall include the City as an additional insured with respect to all of the Consultant's operations, acts and omissions relating to its obligations under this Agreement, such policy to include non-owned automobile liability, personal injury, contractual liability, owners' and contractors' protective, contingent employers liability, cross liability and severability of interest clauses;

(b) Automobile liability insurance for an amount not less than Two Million (\$2,000,000.) dollars on forms meeting statutory requirements covering all vehicles used in any manner in connection with the performance of the terms of this Agreement and;

c) Professional liability insurance covering the work and services described in this Agreement, such policy to provide coverage for an amount not less than Two Million (\$2,000,000.) dollars and shall continue for twelve (12) months following termination of the Agreement.

(d) Data liability/Network Security coverage, underwritten by an insurer licensed to conduct business in the Province of Ontario and in an amount not less than One Million (\$1,000,000.) dollars. Coverage is to respond to but not be limited to the following occurrences:

Privacy violations as a result of but not limited to unauthorized access to or dissemination of private information; failure to properly handle, manage, store, destroy or control personal information and include the failure to comply with privacy laws and their respective regulations regarding the collection, access, transmission, use and accuracy. Coverage shall extend to include the costs associated with notification of affected parties, regardless if required by statute as well as any fines or penalties or costs imposed as a result of the breach including defense of any regulatory action involving a breach of privacy.

Network Security to protect against incidents arising from system security failures such as, but not limited to, unauthorized access, theft or destruction of data, electronic security breaches, denial of service, spread of virus within the Contractor's computer network or other third party computer information systems and will further include expenses related to third party computer forensics.

Data Breach Expenses including crisis management and credit monitoring expenses related to electronic and non-electronic breaches.

The coverage under the policy shall be maintained continuously during the term of this Agreement and for an additional (two) years after the termination or expiration of the Agreement. If coverage is to be cancelled or non-renewed for any reason, 90 day notice of said cancellation or non-renewal must be provided to the Customer. The Customer has the right to request an Extended Reporting Endorsement by purchased by the Contractor at the Contractor's sole expense. The term of the Extended Reporting Endorsement will be decided by the Customer and Contractor.

(e) The policies shown in (a), (b) and (c) above will not be cancelled or permitted to lapse unless the insurer notifies the City in writing at least thirty (30) days prior to the effective date of cancellation or expiry.

(f) The Consultant shall not commence work until satisfactory evidence of insurance has been filed with and approved by the City. Evidence of insurance shall be filed on the City forms .0788 and .0888 as appropriate for each type of insurance shown in (a), (b) and (c), above. Prior to the effective date of this Agreement and thereafter on renewal date of the insurance, the Consultant shall further provide that evidence of the continuation of

said insurance is filed at each policy renewal date for the duration of the contract Agreement.

(g) The City reserves the right to request such higher limits of insurance or other types of insurance as it may reasonable require from time to time; failure to procure and maintain said insurance shall constitute a default under this Agreement. If the Client requests to have the amount of coverage increased or to obtain other special insurance for the Consultant's obligations under this Agreement, then the Consultant shall promptly endeavour to obtain such increased or special insurance at the City's expense as a disbursement allowed under the payment terms of this agreement.

Publication

The Consultant agrees to obtain the consent in writing of the City before publishing or issuing any information regarding the Project.

Confidential Data

The Consultant shall not divulge any specific information identified as confidential, communicated to or acquired by it, or disclosed by the City in the course of carrying out the Services provided for herein. These obligations of confidentiality shall not apply to information which is in the public domain, which is provided to the Consultant by a third party without obligation of confidentiality which is independently developed by the Consultant without access to the City's information, or which is required to be disclosed by law or by court order. No such information shall be used by the Consultant on any other project without the approval in writing of the City. This Agreement is subject to all applicable Canadian privacy laws including the Municipal Freedom of Information and Protection of Privacy Act.

Resolving Disputes

If any dispute arises, we will attempt to resolve the dispute in good faith by senior level negotiations. Where both of us agree that it may be beneficial, we will seek to resolve the dispute through alternative dispute resolution.

Enurement

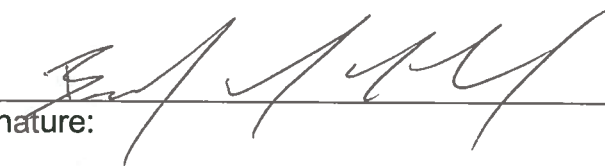
The Agreement shall be for the benefit of and be binding upon the parties and their respective successors and assigns.

Confirmation of Terms of Engagement

Having read the above Proposal of Contract dated DEC 2016, the parties agree to acceptance of this proposal and to engage the Consultants upon the terms set out therein. This Agreement shall be construed and interpreted in accordance with the laws of the Province of Ontario, Canada.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement.


ASSETIC CANADA


Signature: _____

Name: Brad Campbell
Position: General Manager

I have authority to bind the Corporation.

THE CORPORATION OF THE CITY OF LONDON


Signature: _____

Name: Matt Brown
Position: Mayor


Signature: Catharine Saunders, City Clerk

Name: ~~Cathy Saunders~~
Position: ~~City Clerk~~

we have authority to bind the Corporation.

Schedule A – Statement of Work

Schedule B –RFP Response and Bid, Updated Cost Proposal

CITY SOLICITOR'S OFFICE CITY OF LONDON	
DATE: Dec 19/16	
APPROVED AS TO FORM ONLY	

Schedule A

Statement of Work
City of London
CAM Software Project

Date: April 6, 2016

Prepared by: Lois Burgess, Khaled Shahata and Jason Davies



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Document Purpose

The purpose of the Statement of Work (SOW) is to define the project-specific activities, deliverables and their respective timelines, to support service agreements pertaining to the purchase and implementation of asset management software, including the following:

- ▶ the project objectives and outcomes, benefits and scope; and
- ▶ the project deliverables, schedule and milestones, and estimated costs

1.0 Project Summary

Name	Corporate Asset Management Software System
Description	Purchase and implementation of an asset management software solution.
Sponsor	Anna Lisa Barbon
Project Manager	Lois Burgess, P.Eng, Division Manager, Corporate Asset Management City of London
Project Team Resources	Jason Davies, CPA, CMA, Asset Management Specialist, City of London Khaled Shahata, P.Eng, PhD, Asset Management Specialist, City of London Julia Ponce, Manager II, Information Technology Services, City of London
Assetic	Brad Campbell

2.0 Project Objectives, Outcomes, Benefits

Acquisition and implementation of an asset management software system will support the following objectives:

- Provide an asset data repository for the City's physical assets (as outlined in section 3.0 Project Scope).
- Support the implementation of standardized asset management practices, specifically:
 - Asset Valuation
 - Asset Condition tracking and forecasting
 - Level of Service management
 - Risk management
 - Life cycle costing
 - Project prioritization and selection (between and across service areas), and
 - Long term capital planning
 - PSAB 3150 Reporting
- Integrate, where necessary, with existing City systems (e.g. ESRI ArcGIS, SharePoint, J.D. Edwards, GIS, CMMS, Road Matrix, etc.) to ensure that the City's asset data is current, accurate, and complete.
- Provide a user friendly solution that supports data capture, analysis and transmission of asset information and reports across the corporation.
- Educate and train City staff to use the system in support of future implementation needs of the Corporate Asset Management program.

- Assess and implement where possible, support for the City's PSAB 3150 reporting requirements.
- Minimize impact and reliance on the City's Information Technology staff.

3.0 Project scope

3.1 Project Scope Includes

1. Project Planning and Discovery

The software provider (Assetic) will manage the software implementation process and carry out the necessary coordination with its staff and sub-proponents, and with City staff. It will be the responsibility of Assetic to ensure the overall project is technically sound, will perform as intended, meets the City's requirements and expectations, and is carried out on schedule and within budget.

Assetic is expected to include detailed information on the resources expected to be provided by the City for the implementation of the software. Although no additional equipment requirements are anticipated, should any needs arise, Assetic will provide explicit information on the additional new hardware required to utilize the software. Conventional City resources exist, but are not unlimited.

2. The supply of software and licensing for the asset management software

Assetic will supply currently equivalent or better software based on the RFP 14-72 response and supporting documents. AsseticAssets and AsseticAccounting will be provided as a web hosted solution (unlimited users) while AsseticPredictor will initially be provided via desktop application (limited to 15 units) transitioning to a web hosted solution for unlimited use when the web-hosted product becomes available. Assetic will be responsible for the original installation and any transitions from temporary use to the final web hosted products. If AsseticPredictor is not available in a web hosted format by the end of 2016, the number of desktop users may be increased to 50 users.

3. Services to setup and configure the software as per the City's requirements, including custom dashboards where required

The following asset classes owned and / or managed by the City of London are included in the scope of this project:

- Parks and Recreation
 - Parks, Park Amenities & Use Areas, Pathways, Park Facilities, Golf, Stadium
 - Recreation Facilities (Aquatics, Arenas, Community & Senior Centres, Attraction)

- Transportation
 - Roads and Bridges
 - Urban Forestry
 - Traffic
 - Parking

The City of London has many datasets and sources. The City intends to initially populate the Assetic system with Transportation and Parks & Recreation service area data. Additionally, where practical, the population of data in Assetic will include datasets other than the Transportation and Parks & Recreation service areas. For example, all facilities data can be captured in Assetic at the same time recreation facilities data is imported/uploaded from the City's VFA software. Both service areas also have Fleet assets that reside in the J. D. Edwards database and all Fleet asset may be rolled into Assetic in a single event. In the initial stages of the project, completion of each stage will be determined based on meeting the goals for the Transportation and Parks & Recreation service areas. The bulk of the software configuration is expected to occur with the start-up of these service areas.

Although the initial utilization of the Assetic system is for the Transportation and Parks & Recreation service areas, the software must allow for expanded use to all City of London service areas in the future. Tools and templates for all service areas are to be provided as needed or earlier if expeditious to do so. Assetic involvement in future populating activities should be reduced with the City able to undertake the population of the data with minimal assistance once the system is configured and operational for the Transportation and Parks & Recreation service areas.

Appendix-A of RFP 14-72 Corporate Asset Management Software System outlines functional and technical requirements sought in the procurement of a software solution. The requirements have been prioritized into core, highly desired and desired. The initial configuration of the system will seek to fulfill these requirements as best as possible.

4. Ongoing maintenance and support for the software solution

Assetic will provide ongoing maintenance and support per the RFP 14-72 proposal and any relevant agreements.

5. Training of City staff in the use of the software

The implementation of the recommendations provided through this project will allow the practices to then be distributed for other asset classes and organizations related to the City. Assetic will produce a training schedule and general suggestions regarding number of trainees and desired skill sets. Assetic will provide training per the RFP and agreements; for the project and recommendations for on-line training into the future.

6. Software hosting services

Assetic will provide ongoing maintenance and support per the RFP 14-72 proposal.

3.2 Project Scope Excludes

The project generally excludes all the remaining City asset classes including those under the control of others, such as the following:

- Corporate Facilities
- Fire
- Fleet
- Information Technology
- Joint Water Board
- Land
- Long Term Care
- Pollution Control Operations
- Solid Waste
- Waste Water (sanitary)
- Waste Water (storm)
- Water
- London Block Parent Program
- London Convention Centre
- London Economic Dev. Corp.
- London Hydro
- London Police Service
- London Public Library
- London Transit
- London Venture Group
- Middlesex-London Health Unit
- Museum London
- Neighborhood Watch London
- Tourism London
- Upper Thames Rivers Con. Auth. and others
- Western Fair Assoc.

The scope of this project does not include the full future expansion to the excluded asset classes. However it is expected that the City may commence population of data from other areas and will seek advice from Assetic as the need arises. It is also expected that there will be discussion surrounding the expansion and the provision of advice, implementation services and possibly recommendations as the project progresses. Any 'off the shelf' tools and templates relevant to all City of London service areas are to be made available on demand. The expectation is that the City will be able, with relative independence, progress the use of Assetic across the corporation once this project is complete.

This project excludes the installation and configuration of AsseticBenchmark, AsseticMaintenance, AsseticAssessment and AsseticMobility. AsseticBenchmark,

AsseticAssessment and AsseticMobility will be discussed for future expansion. Assetic is responsible to ensure that the modules implemented under any agreement regarding this project efficiently meet the goals of the project.

4.0 Project Activities & Deliverables

After the completion of the 'Project Planning and Discovery', section, the City of London will be provided with an implementation strategy for the Assetic system that will identify appropriate and reasonable Asset Management software practices coupled with the identification of resource requirements to implement and sustain these practices.

The project will be considered successful by the degree to which the City of London's key deliverables are met.

To ensure the project meets its objectives, the project is divided into units. Each unit is described through a scope of work (activities) and the unit deliverables (i.e. the measurable criteria which will be used to determine if the objective has been met.).

1. Planning and Discovery

Scope of Work / Activities

- Identify Assetic implementation needs including data collection, equipment, staffing, etc.
- Review and clarify GIS interface needs.
- Consolidate findings and prepare a project plan

Deliverables

- Detailed project plan.

2. Assetic Deployment and Installation

Scope of Work / Activities

- Install and configure Assetic modules
- Setup development & Production environment.

Deliverables

- Access to hosted AsseticAssets, Assetic Accounting module
- Locally installed Assetic Predictor modules

3. Data Import & Validation

Scope of Work / Activities

- Connecting Assetic database with City inventory database/system
- Collecting available data
- Setup Assetic Interfaces (e.g. GIS)

Deliverables

- Populated and validated AsseticAssets, Assetic Accounting and Assetic Predictor modules for Transportation and Parks & Recreation service areas

4. Assetic Modelling & Setup

Scope of Work / Activities

- Identify Modelling parameters and needs
 - Workshops with Asset Category champion to develop the in house modelling science
 - Development of Asset Management Frameworks for the purpose of documenting the modelling input parameters and science
- Modelling setup and implementation for:
 - Asset characteristic modelling
 - Asset condition rating & forecasting modelling (deterioration models)
 - Asset level of service modelling
 - Asset intervention modelling
 - Asset risk management modelling
 - Asset financial estimates and predictions modelling
 - Decision making & prioritization modelling
 - Life cycle management modelling

Deliverables

- System output requirements are shown in Table 1.
- Templates and tools relevant to the City’s efforts to expand use of the Assetic modules to other service areas.

5. Reporting and Results

Scope of Work / Activities

- Data characteristic reporting
- Reports configuration
- Custom reporting
- Results analysis

Deliverables

- System output requirements are shown in Table 1.

6. Assetic Deployment and Installation

Scope of Work / Activities

- Production environment to go live
- Development environment to remain for
 - Testing (integrations, etc.)
 - Training

Deliverables

- Go live with line in sand Production environment

7. Testing

Scope of Work / Activities
Deliverables

- Test in development environment
- Test in production environment
- Validated operation in all environments.

8. Training

Scope of Work / Activities
Deliverables

- User training: AsseticAssets, Assetic Accounting & Assetic Predictor
- Power user training
- System training
- Train the trainer / system custodian
- Training plan
- City staff trained in the use and operation of all Assetic modules

9. Post Implementation

Scope of Work / Activities
Deliverables

- Model adjustments, support and routine maintenance.
- Establish Asset Updates procedures including Disposals and Additions
- Integration workshops with relevant stakeholders to determine what integration functions may be required to 3rd party systems.
- Support for expansion to other service areas per RFP 14-72
- Ongoing maintenance and support per service agreement.

Table 1 Summarized system output requirements

	Report Name	Report Description
R1	Asset Inventory	Reports for asset inventory for all asset types and sub-types
R2	Overall Asset Condition Grades	Reports for existing condition grades on a (1-5) scale for all asset types and sub-asset types
R3	Detailed Asset Condition Grade	Report showing existing condition grade for any asset type based on the used condition grading scheme for that asset type.

	Report Name	Report Description
R4	Asset Valuation	Replacement cost and whole life cycle cost reports based on current reporting date for all asset types and subtypes
R5	Funding Gap Reports	Summary of annual forecasts of discrepancy between planned and required expenditures to maintain system at an acceptable level
R6	Asset Risk Assessment Report	Evaluation of overall existing asset risk score
R7	TCA Reporting	Annual report for all TCA showing depreciation, additions, disposals, betterments and WIP at historical costs
R8	Asset LOS Reports	Report showing existing and historical LOS for any asset type/subtype. Indicators can be reported at the corporate, customer and technical levels
R9	OMBI reporting (KPI)	Considered a specific sub-set of the LOS report. KPIs focusing on this reported as part of the OMBI initiative
R10	Condition Forecasting Reports	Report showing future expected condition for any asset type based on the used condition grading scheme (1-5), 0-100, etc....
R11	Asset Capacity Report	Ability to track actual versus design capacity/use
R12	Capital Project Listings -Multiple Budgets	Report showing listing of all capital projects put forward by service areas
R13	Capital Project Listing - Business Case Evaluation	Report linking capital projects to individual business cases for each project
R14	Asset intervention (reports) (selection tool) multiple reports/analysis	Comparison of cost/benefit of various intervention options at the asset-level, multi criteria analysis, maintenance history and projection, etc.
R15	Lifecycle Costing Report for New or Existing Infrastructure	Report to calculate lifecycle costs (O&M) and asset renewal for any new infrastructure that will be acquired by the City from developer contributions or any existing infrastructure asset
R16	Prioritized Capital Project Listing - Within Service Areas	Report showing a prioritized listing of capital projects based on various decision criteria within a particular service area

	Report Name	Report Description
R17	Prioritized Capital Project Listing - Between Service Areas	Report showing a prioritized listing of capital projects based on various decision criteria among any number of selected service areas
R18	Risk Forecasting Report	Report showing forecasts of overall risk exposure based on various investment scenarios
R19	LOS Forecasting	Report showing forecasts of some LOS indicators based on various investment scenarios
R20	What if scenario simulator	Ability to forecast the impact of various capital projects on risk and LOS
R21	Reporting Custom user generated report	One time reports used to research any area of interest to any user
R22	Capital delivery tracking report	Report to track actual versus planned capital dollars to evaluate the effectiveness of the capital delivery function

5.0 Project Schedule & Milestones

This section identifies the preliminary project schedule and significant points or events in the project (such as the phases, stages, and approval of a deliverable, resource names)

**please see the Ms project file “Indicative Project Plan City of London”

6.0 Glossary and Acronyms

Glossary¹

Asset

A physical component of a facility which has value, enables services to be provided and has an economic life of greater than 12 months.

Asset Management

The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner.

Disposal

Activities necessary to dispose of decommissioned assets.

Gap

The term used for long term planning of revenues versus expense. Also used for infrastructure needs versus availability. A prediction of future need. Also used for an absence of data or information.

Key Performance Indicators (KPI)

A qualitative or quantitative measure of a service or activity used to compare actual performance against standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.

¹ *International Infrastructure Management Manual (IIMM)*. & Ontario Ministry of Municipal Affairs and Housing (www.mah.gov.on.ca)

Level of Service (LOS)

The defined service quality of a particular activity (i.e. pavement surface condition) or service area (i.e. street lighting) against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

Lifecycle

The cycle of activities that an asset (or facility) goes through while it retains an identity as a particular asset i.e. from planning and design through useful life to decommissioning or disposal.

Lifecycle Costing

The total cost of an asset throughout its life including, planning, design, construction, acquisition, operations, maintenance, rehabilitation and disposal costs.

PSAB-Public Sector Accounting Board²

The Public Sector Accounting Board (PSAB) comprises senior government executives and experts in government financial reporting. PSAB serves the public interest by setting standards and providing guidance for financial and other performance information reported by the public sector.

PSAB 3150

In June 2006, PSAB approved PS3150, which requires municipalities to report Tangible Capital Assets (TCA) on their Statement of Financial Position (i.e. balance sheet) effective January 1, 2009. It also requires a new format for municipal financial statements and requires that tangible capital assets be amortized on the Statement of Operations (i.e. income statement). All municipalities across Canada must comply.

Renewal

Works to upgrade refurbish or replace existing facilities with facilities of equivalent capacity or performance capability.

Replacement

² PSAB Manual *Who we are and what we do*

The complete replacement of an asset that has reached the end of its life, so as to provide a similar or argued alternative, level of service.

Replacement cost

The complete replacement cost of an asset with a substantially identical new asset.

Risk Management

The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

Useful Life

May be expressed as either:

- a) The period over which a depreciable asset is expected to be used or
- b) B) The number or production or similar units (i.e. intervals, cycles) that is expected to be obtained from an asset.

Acronyms

CAM- Corporate Asset Management

EOI- Expression of Interest

KPI- Key Performance Indicators

LOS-Levels of Service

PSAB-Public Sector Accounting Board

QA/QC-Quality Assurance/Quality Control

RFP- Request for Proposal

TCA- Tangible Capital Assets

Schedule B
RFP Response and Bid,
Updated Cost Proposal



Request for Proposal 14-72: Corporate Asset Management Software System

Contact:

Brad Campbell, General Manager – Assetic Canada
111 Richmond St W, Suite 500
Toronto ON M5H 2G4

(416) 316-1718
bcampbell@assetic.ca

Prepared for City of London
December 16, 2014



11.0 FORM OF PROPOSAL

AT LEAST ONE SIGNED ORIGINAL OF THIS FORM OF PROPOSAL MUST BE INCLUDED IN YOUR SUBMISSION

- 11.1 Please state terms of payment (Note: Early payment discounts will be considered in the award of the contract, and will apply **after** taxes):
NET 30 DAYS
- 11.2 I/WE, the undersigned authorized signing officer of the Proponent, HEREBY DECLARE that no person, firm or corporation other than the one represented by the signature (or signatures) of proper officers as provided below, has any interest in this proposal.
- 11.3 I/WE further declare that all statements, schedules and other information provided in this proposal are true, complete and accurate in all respects to the best knowledge and belief of the Proponent.
- 11.4 I/WE further declare that this proposal is made without connection, knowledge, comparison of figures or arrangement with any other company, firm or persons making a proposal and is in all respects fair and without collusion for fraud.
- 11.5 I/WE further declare that the undersigned is empowered by the Proponent to negotiate all matters with the Corporation representatives, relative to this proposal.
- 11.6 WE further declare that the agent listed below is hereby authorized by the Proponent to submit this proposal and is authorized to negotiate on behalf of the Proponent.
- 11.7 I/WE have allowed for Addenda numbered as follows: # 1 through to # 5.

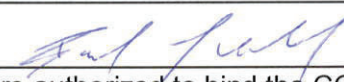
Failure to acknowledge all addenda will result in your proposal being rejected.

COMPANY NAME: ASSETIC CANADA HOLDINGS

ADDRESS: 111 RICHMOND ST W, SUITE 500

CITY/PROVINCE: TORONTO ONTARIO

POSTAL CODE/ZIP CODE: M5H 2G4

AUTHORIZED SIGNATURE:  TITLE: GENERAL MANAGER
I/WE are authorized to bind the COMPANY/CORPORATION

NAME (Please print or type): BRAD CAMPBELL

TELEPHONE NUMBER: (416) 316 1718 FAX NUMBER: ()

HST REGISTRATION NUMBER: 801159039BC0001

EMAIL ADDRESS: bcampbell@assetic.com

DATE OF PROPOSAL: 16 DEC 2014

NOTE: Please return your written submission and USB flash drive, CD or DVD in addition with **page 23** complete with an original signature in ink on or before **2:00 pm, Tuesday, December 16, 2014.**

FAILURE TO DO SO SHALL RESULT IN THE PROPOSAL SUBMISSION BEING REJECTED.

December 15, 2014

Geoff Smith, Procurement Officer
City of London
Purchasing and Supply
267 Dundas Street, 4th Floor
London, Ontario N6A 1H2

Dear Mr Smith,

Assetic in association with Watson & Associates Economists Ltd. (Watson) is pleased to submit this Request for Proposal for a Corporate Asset Management Software System.

This proposal is based on Assetic's appreciation of the City of London (hereafter referred to as the City) requirements as set out in the specification Request For Proposal 14-72 Corporate Asset Management Software System.

We believe the recommended solution best suits the City's requirements by providing the supply and implementation of a solution which meets the needs of the City as outlined in the RFP. Allied with these are standard and/or customised interfaces with the City's existing systems to provide the outcomes required.

If given the opportunity to provide the Assetic solution to the City, we will commit asset management practitioners to your onsite training and implementation who understand and are experienced in implementation and asset management services.

I would be delighted to provide further information as requested. In the meantime if you have any queries about this proposal, please contact Brad anytime, and he will be most happy to answer those for you.

Yours sincerely,



Joel Brakey
Chief Operating Officer



Document Control

Assetic/Watson Representatives

Name	Organization	Role	Reason	Contact Details
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Limitation

This response to the Request for Proposal has been prepared on behalf of and for the exclusive use of Assetic Pty Ltd's Client and is subject to and issued in connection with the provisions of the agreement between Assetic Pty Ltd and its Client. Assetic Pty Ltd accepts no liability or responsibility whatsoever for or in respect of any use of or reliance upon this report by any third party.

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Appendix A – Specific Questions

Appendix B – Equipment Resources

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Appendix F – Assetic Standard Reports

1. Project Understanding

The driver for the acquisition of a Corporate Asset Management Software System for the City of London is to support the City's Asset Management Program by providing a core asset repository and analytical support to the city's asset management business processes.

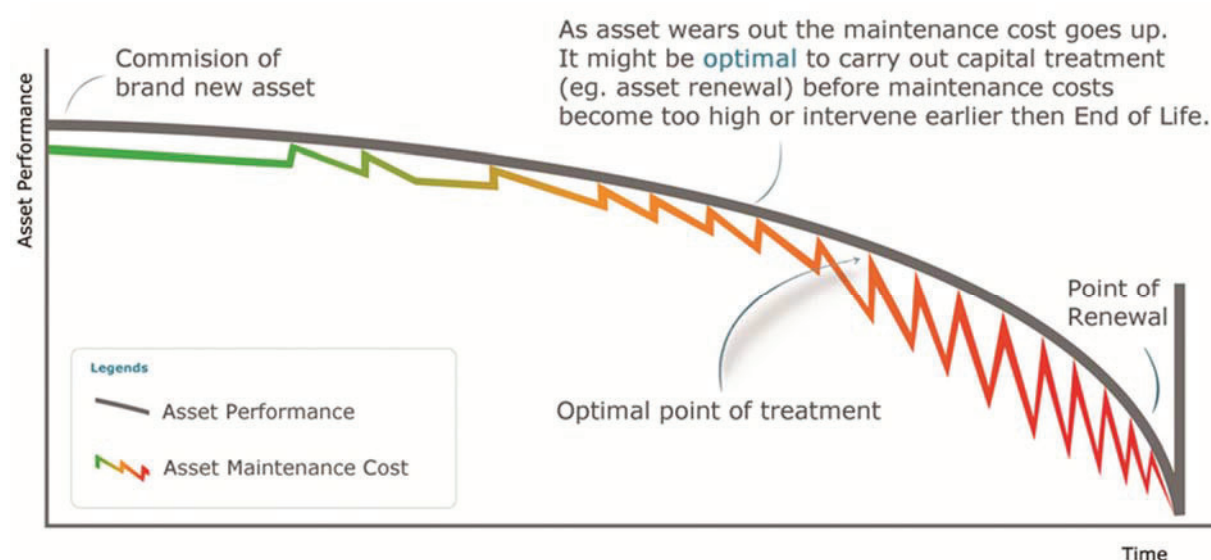
The City has a current infrastructure gap of \$50-60 million dollars with a projected infrastructure gap in the year 2022 \$466.1 million dollars, Assetic has extensive experience working with local governments in helping to assess, manage and reduces infrastructure spending gaps. In the case of City of London the Assetic implementation will be configured to support the recommendations from the State of the Infrastructure Report in the following ways:

1. Allowing the city to review the impact of current and future investment priorities and their effect on both condition of assets and the infrastructure gap, through optimised Level of Service (LoS) modelling.
2. Support the ongoing improvement and review of Corporate and 20 year Asset Management Plans, through the maintenance of a corporate asset register with advance reporting, predicting and valuation (both historical and replacement values (RV)) modules.
3. Help to drive the corporate asset management program with experienced consultants and asset management practitioners implementing an integrated asset management 'solution' customized to help the city's business processes
4. Provide best practise Asset Data Management processes through software and experienced implementation and consultancy services
5. Provides out of the box public consultation and state of the assets (now and future) reports that engages both Councillors and the Public, to help lobby for infrastructure funding.

Assetic provides pre-packaged asset management software and associated implementation, training, support and maintenance services to local government and other major infrastructure organizations. The company has a range of innovative asset management products installed at over 120 sites across Australia and New Zealand - principally in local government but with a growing client base in water authorities, universities, and social housing agencies. Assetic have 60 staff based in Melbourne, Sydney, Brisbane, Perth and Toronto.

Our approach to implementations is geared to make asset management the focus of system deployment not the software itself that is we work with our Clients to ensure that our software is support for the Client's business processes and we never commence with a blank sheet of paper. Experience on hundreds of templates has meant that the Assetic consultants can hit the ground running with any implementation.

Our consultants understand the science of asset management as portrayed below and will transfer this knowledge to the city through training, mentorship and working side by side with staff.




Assetic has a long track record in providing specialist Asset Management Solutions specific to local government and other authorities' needs and requirements.

Assetic products are implemented in various tiers, and departments are provided solutions that are specific to their needs. The initial engagement should we be selected as the system of choice will consist of not only analysing existing asset spreadsheets, data silos, and walking databases (long term staff members) but also identifying resourcing gaps and likely system champions. These system champions are involved throughout the implementation and are often key to a successful implementation. The City's own Data input Analysis in Appendix B of the RFP shows the extent of the data silos across the city. Assetic's staff has extensive experience and expertise in working with internal staff to pull this information together and quickly populate the Assetic solutions, therefore concrete outcomes are seen in weeks not months and years.

Assetic appreciates that every organization is at a different phase of Asset Management and has different requirements and priorities. We therefore refer to our products as 'solutions' as they offer unique outcomes specific to local needs.

Our system caters for every aspect of asset management i.e., asset registry, condition analysis, valuations and depreciations, maintenance management, level of service analysis, risk management, life cycle costing, financial forecasting and capex program development. Assetic also provides a track record and ability to interface with

- Finance Systems
- GIS systems,
- EDRMS
- CMMS systems



Making it easy for the departments in the future to link to various third party specialist systems.

2. Approach and Methodology

2.1. System Capability

Our solutions align leading-edge technologies and software design to modern asset management standards and organizational objectives.

Assetic's solutions are widely adopted due to their scalability; we meet the needs of an organization, independent of size or industry. Rapid deployment and ongoing improvement enables your asset management journey, and provides a ROI in the shortest time possible.

With over 120 customers, Assetic has developed a streamlined approach, which can be either deployed locally or cloud-based. Preloaded intelligence allows the Assetic system to focus on client outcomes, and eliminates the intensive design and configuration common to other systems. Our solutions are also flexible, and can adapt to your current processes to ensure organisational needs are met throughout implementation.

Watson is considered a financial leader in the municipal industry. Specializing in both asset management and Long Term Financial Planning services, the company has years of experience in assisting municipalities with compliance need and financial planning needs. Partnering Assetic and Watson provides a strong team with the needed expertise to help the City achieve its Asset Management Vision

The key outputs of Assetic are:

- Prediction modelling financial and capital works based on service level scenarios;
- Long-term financial planning;
- PSAB 3150 compliance reporting;
- Asset management valuations based on Provincial Guidelines; and
- Alignment to industry asset management standards and guidelines which enable organizations to establish an asset management framework or start / continue the journey towards ISO55001, PAS55, IIMM, TEFMA compliance.

Our 100+ clients describe the key advantages of Assetic as:

1. A complete suite of civil infrastructure asset classes for local governments, i.e. seven infrastructure classes across 40+ specific asset categories, including roads, bridges, drainage, facilities, open space, buildings, water/sewerage. Each class has fields, algorithms and service criteria that are specific from a Strategic Asset Management (SAM) delivery aspect
2. Out of the box functionality that has been proven and tested within other local governments and allows accelerated implementation, as opposed to a solution that requires extreme levels of configuration and design

3. A customisable solution where individual fields can be added/re-labelled, depending on your specific needs, but Assetic's pre-loaded functionality means there is no need to start from scratch or re-invent proven wheels
4. A single source for asset registry, condition analysis, valuations and depreciations, strategic maintenance management, document management, risk management, financial forecasting, strategic planning and capital expenditure programming
5. Assetic provides a proven track record and ability to interface with finance, GIS and other third party systems

2.2. myData



myData standard module is designed to support asset management business processes relating to core asset register, condition tracking and forecast reporting, replacement and historic cost valuation, level of service management and risk reporting detailed in the REOI.

myData is a central asset register for all local government asset classes, it includes comprehensive data storage capability including:

- Flexible hierarchies;
- Descriptive & location information;
- Technical details;
- Financial information for valuations and costing;
- Condition, risk and other assessments;
- Relationships to other assets;
- Record treatment history; and
- The ability to link photographs and other documents to asset records.

Other features of myData include:

- Simple data import utility that facilitates rapid data population;
- Flexible user defined navigation panel;
- Comprehensive data analysis and reporting capability;
- Pre-configured standard reports as well as a custom report facility;

2.3. myData Specific Features

Data integration

myData has in built data import functionality to facilitate easy data transfer of:

- Microsoft Excel, Microsoft Access, Microsoft SQL, ESRI Shape files, MapInfo TAB files, Etc.



Condition Assessment

- Setup strategic levels of service in line with AM policy/strategy.
- Software deployment of City's specific asset condition assessment, capacity assessment and functionality assessment methodologies.
- Software deployment of Star rating criteria for buildings and customising scaling and indexing of measurement matrices.

Assetic system allows users the flexibility to record:

- Raw data – Probability of pipe failure based on CCTV camera assessment;
- Convert raw data to rating score (see Appendix C);
- Combine various rating scores to API (Average Performance Index) and ACI (Average Condition Index); and
- Combine API and ACI into an OCI (Overall Condition Index).

Asset Valuation

The Assetic System can report on both Historical and Replacement Cost and includes:

- Componentization of complex assets – fields are pre-packaged;
- Computes amortization based on a date of report;
- Accounts for new asset additions and disposals;
- Provides valuation adjustment figures for in-year changes to condition, life, and unit rates; and
- Amortization can be straight-line pattern or degradation profile based on class of infrastructure.

Advanced Reporting

There are over 50 standard reports included within the Assetic products based on Australian and international standards and reporting requirements. See Appendix F.

All system reports detailed can be printed directly to hardcopy, exported in a range of common formats (PDF, Word, Excel, CSV, JPG etc.) and can also be automatically attached in an email.

The myData reporting system is very powerful and easy to use. It caters for administrative, operational and power users through user and group permissions and also through the ease of use of the reporting.

Users and group permissions can be assigned on an asset-class basis (e.g. pipes, treatment plants, plant, fleet etc.) as well as a functional basis (e.g. read only and reporting only).

myData also includes a query-based report building tool 'Advanced Search'. Advanced searches make creating custom reports that entail complex cross-table relationships (e.g. valuations, customer requests, maintenance, works, documents etc.) very simple for end users. The asset data can be manipulated very easily, including grouping and filtering results. All assets displayed in the results can be pinpointed spatially within the embedded GIS interface.

Risk Management

Produce a Risk Register of all outstanding events and rank by priority (see Appendix C). Assetic can record risk management documents, photos, videos and events against individual assets. The framework is based on AS4360 for risk management and users have the flexibility to:

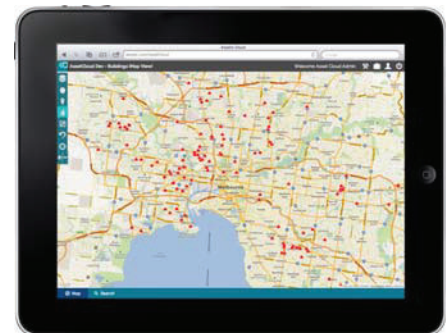
- Assign likelihoods based on operational framework;
- Assign consequence of identified risk;
- Setup the risk algorithm and compute a risk score; and
- Assign status of event – in progress or active or completed.

2.4. Asset Cloud

AssetCloud is a field accessibility product from Assetic. It is a cloud-based service designed to connect field activity and compliment myData by delivering access via the web. AssetCloud harnesses web service technology, and can be accessed from any internet-enabled device. Viewing MyData has been optimized for tablet devices, providing a mobility solution that allows live access for the viewing and editing of asset data.

Key Functionality

- Works in both online and offline mode
- Access to all inventory and condition data
- Access to Condition Inspections
- Access to Asset related documents and photos
- Access to Maintenance Requests and Work tickets
- Uses City's existing GIS layers
- Search Assets by location or lists
- Add photos to MMS items or Assets



2.5. myPredictor



myPredictor is an analytical performance modelling tool that is designed to enable and assist asset management business processes such as Life cycle costing, asset condition tracking and forecasting, project prioritization and decision support, and long term capital planning of infrastructure assets. Modelling enables the evaluation of typical long term (20yrs plus) scenarios including:

- The cost to deliver a service level over time
- The service level that will result from increases/ decreases in funding
- The potential impact of an alternative treatment strategy

- Scenarios can include as well as capital costs, operating and maintenance costs and therefore incorporate true life cycle costing.
- Modelling also includes the production of year by year capital works plans.

2.6. System Integration

Assetic have an extensive web services platform in place that we have used for full, real time integration of all myData's underlying data, calculations and workflow with a range of GIS, finance, document management, mobility and finance systems. Assetic's web services provide access to full system integration with 3rd party systems, including:

- Access to asset register, condition and valuation attributes, calculations and system workflows
- Access to all works and maintenance management attributes, calculations and workflows
- Ability to export predictive condition and treatment data to external GIS systems for visualization.

There are over 40 system method calls available for the various system integration modules.

Please refer to Appendix C for more details of the specific technical requirements.

2.7. Specific Functional and Technical Requirements

See Appendix A.

2.8. City Required Resources

See Appendix B.

2.9. Support Procedures Outline

Assetic run a help desk Monday-Friday 9am and 5pm AEST and provide phone, email and 24 online support.

Details can be provided for several out of hours points of contact, who will then coordinate for an appropriate team member to get in touch to resolve the query – this is required for support on weekends, public holidays or outside business hours. There is a minimum 2 hour support fee out of hours (\$100-200/hr depending on the nature of the enquiry - basic support v/s specialist query). A Service Level Agreement (SLA) would also normally be put in place for Agencies requiring out of hours support.

Technical Support (General)

- We provide a Customer Support Portal that is accessible from our website. This provides a range of resources, including product manuals, release notes, Asset Management and Technical whitepapers, knowledge base and a support ticket system.

- We offer a range of software updating methodologies, including automatic updates and site-wide rollouts.
- We use remote access server deployment techniques to install software on client sites.
- We use Windows technology to log into client machines for remote support and investigation of user issues.
- We use a web based defect register logging system where our implementation managers can log and check progress of defects.
- We use our website for secure file transfers to clients.

Methods of Contacting Support

Support issues can be registered by any of the following methods:

- Logging an issue request within the 'Tools' menu of the Assetic software application being used
- Logging a support request via the Customer Support Portal on our website
- Calling/emailing the project services team directly
- By emailing support@assetic.com or calling our help desk on (03) 9026 0555 9am to 5pm AEST – ex Victorian Public Holidays.

Support Tracking and Processes

1. Customer lodges the support issue by any of the above methods. Any Critical/Urgent/High priority defects should be reported by phone.
2. Assetic responds according to the Service Levels set out below (counted between 9am – 5pm AEST, ex Victorian public holidays) to determine the validity and urgency of the request. Assetic may request further information, e.g. screenshots, error reports, steps to reproduce the issue etc. for technical queries or sample datasets, planning/process documentation etc. for project issues.
3. Assetic will provide a response to the customer on the action to be taken. Depending on nature of the request, possible actions are:
 - a. Configuration changes – offer technical assistance such as KB articles or RDC support.
 - b. Software patches
 - i. Critical issues – to be released in specific time frame
 - ii. Feature requests – to be released in next minor/major software update
 - c. Other
 - i. Asset Management related queries – delegate to relevant consultant
 - ii. Issue cannot be reproduced

Assetic's Customer Support Portal is utilized for lodging and managing customer requests. It is a web-based system that can be accessed remotely. Requests are lodged including a description of the specific issue and Agency point of contact. Internally the issue is assigned and escalated if not resolved within intervention levels (1-4 days for fatal/major issues affecting business functions). Other feature requests are retained for review and assigned to the release schedule (as appropriate). All historical requests are retained in the system, but are marked as closed upon resolution and can be viewed at any time through the Customer Support Portal.

Service Levels and Response Times

Service Levels	Definition	Required Response Time	Required Resolution Time
1 – Critical Defects	An Assetic Product is unavailable for critical business activities.	30 minutes	1 Business Day
2 – Urgent Defects	A part of the system is unavailable or is not operating effectively for critical business activities. No viable workaround available.	1 Business Hour	2 Business Days
3 – High	A part of the system is unavailable or is not operating effectively for important business activities.	4 Business Hours	4 Business Days
4 - Medium	A part of the system is unavailable or is not operating effectively.	1 Business Day	Future Maintenance Release.
5 - Low	A problem with part of the system which has very little or no impact to efficiency of users.	2 Business Days	Future Maintenance Release.

Note: the above only pertains to the setup and operation of Assetic's software, i.e. it does not cover support for the setup and operation of council's physical/virtual server(s), their operating systems, network connectivity, backup related procedures and other general IT administrative tasks. Critical and Urgent defects should be reported by phone during our support hours.

2.10. Project Implementation Methodology – Work Plan

Assetic's normal implementation approach is based on the progressive implementation of asset management based around one or two asset classes at a time, in this case it will be Transportation and Parks & Recreation as per the RFP. Assetic tailors its implementation methodology to suit the specific needs of its clients and Assetic's implementation team will in the City's case develop an implementation plan the allows the Solution to best support and enhance the asset management practises that are currently being developed within the city

The sample Gantt chart supplied at attachment 3 is a first draft / straw man project schedule based on the previous implementations of similar size to City of London. Assetic envisages that this schedule will be reviewed and refined either during final contract discussions or in finalizing the Project Management Plan, or during both.

The Plan also provides for the preparation of data for loading into the Assetic software but not for the collection of data.

Lastly, how fast or slow implementing the Assetic software proceeds is purely up to Council, and Assetic will adjust its resourcing of the implementation accordingly. Our view is that successful implementations of asset management is only achieved as staff learn and embrace asset management, and at times this means some activities are slowed down to allow people to become more comfortable with the processes involved and at other times speed up to maintain momentum.

City of London - AM Implementation Plan (Transportation and Parks & Recreation)			
Item	Assetic Resource Allocation (Days)	City of London Resource Allocation (Days)	Duration (Weeks)
Project: Project Scoping	4	3	1
Project: Asset Register Development	10-25	25-40	9-12
Project: Predictive Modeling	15-20	20-25	9-12
Project: AssetCloud Installation	4-8	3-5	2-3
Project: PSAB and Replacement Valuation Configuration	10-15	5-10	3-4
Project: Integration Options and Scoping	4	2	1

Note:

- The final Implementation plan will be developed in conjunction with the City of London and configured to account for available resources and data.
- Asset Register development may be significantly reduced depending on the quality of the existing data, pulling the data into myData is a very simple and quick process.


2.11. Project Risk Management

For Asset Management system and data migration projects such as for the City of London the risks are low due to our experience in:

- Populating the system with existing data very rapidly. Assetic consultants have an asset management background, not just software background.
- Training of departmental staff in inspections, data updates, condition monitoring.
- Getting a site up and running in as little as three months if required (accelerated program).

More generally, risk is managed through our Project Management methodology approach. As part of delivering projects, we maintain risk logs and risk profiles for each project, whereby the risks for each project are identified as part of the project plan, given a weighting based on their likelihood and consequences and identify counter measures that will minimise these risks.

These risk logs and profiles are reviewed on a weekly basis, dependent upon their criticality.



The nature of our business with a large number of small to medium sized projects results in risks that are very similar in nature but may have differing levels of likelihood and consequences. Combined this makes the formal preparation of a Risk Assessment uneconomical.

However, we do assess them on an informal basis while preparing the RFP or developing the scope. We adopt the process embodied in the Risk Management Standard ASNZS4360 which includes the following processes:

- Gaining an understanding of the context
- Identifying potential risks
- Rating them in terms of Likelihood and Consequence
- Assessing the resulting risk based on a matrix approach
- Implementing treatments where appropriate to ensure the residual risk is acceptable
- Continuous monitoring of the risk throughout the project.

2.12. Training Philosophy and Methodology

Our standard training philosophy is to train and equip staff to set up the Assetic system. This does not mean Assetic equip your staff and walk away; it is a means of transferring system ownership through a handholding process. There will be some areas on which we concentrate more and some areas in which users will do the bulk of the setup.

All training is completed by working with IT, engineering, finance; depot and HR staff to ensure that system implementation is performed seamlessly across your organisation.

We can also undertake specific agency customisations and can set up links with your internal financial, geospatial and other third party systems.

As the software is modular and can be purchased in tiers, the implementation may also occur in a step-by-step fashion.

The following provides the details of a typical implementation program for the Assetic products.

2.13. Product Training Outline

2.13.1. myData Standard

- Software set up on agency machines and deployment of database on network.
- Data collation and clean up with assistance from agency staff.
- Cross-linking various available datasets in consultation with agency staff as part of project team.
- Data import, set up of user specific navigation, pick-lists, attributes and all available condition, capacity, functionality data, in consultation with agency staff as part of project team.

- Set up combinations and rules/formulae for asset valuations, risk management, condition assessment scaling in consultation with agency staff as part of project team.

2.13.2. myPredictor

- Setting up agency's established condition rating scales, degradation rankings.
- Analysing available data in consultation with agency staff as part of project team.
- Setting up established life cycle models and degradation profiles consultation with agency staff as part of project team.
- Testing and calibration of models to suit agency requirements.
- Setting up prediction models and running analyses.

3. Consultant Experience

3.1. Assetic


Assetic is an Australian based company that provides pre-packaged asset management software and associated implementation, training, support and maintenance services to local government and other major infrastructure organizations. The company has a range of innovative asset management products installed at over 110 sites across Australia and South East Asia - principally in local government but with a growing client base in water authorities and social housing agencies. Assetic has a long track record in providing specialist asset management solutions, specific to the needs of each client. We have 60 staff based in Melbourne, Sydney, Brisbane, Perth and Toronto. Assetic's company structure, including key management personnel can be found in Appendix A.

Our key Asset Management Staff maintain currency with key industry developments as follows:

Staff are involved in the following industry Asset Management Bodies in Australia and overseas

1. Asia Pacific Institute of Good Asset Management (APIGAM) in the role of Director.
2. Bond University – Adjunct Professor of Advanced Asset Management.
3. Institute of Professional Works Engineers Australia (IPWEA), in the role of members.
4. LGPro, in the role of members.
5. Institution of Engineers Australia, in the role of members as well as on interview panel for Chartered Status.
6. Australian Institute of Environmental Accounting.
7. Waste Management Association of Australia.

Staff regularly delivers lectures, workshops and presentations at peak industry related conferences for the LGMA, CPA, LGFP and Roads Conference. Currently our key staff are delivering master classes to local government financial accountants through the CPA all over Australia, with respect to asset management and asset accounting.



Our staff regularly delivers training sessions to local government from the Councillors to the ground staff, in relation to various aspects of asset management which often includes changes/advances within the industry.

Our staff regularly participate in Asset Management discussion forums.

Our staff also attend regular conferences and deliver 3-5 papers each year to network and keep up to date with industry issues and requirements.

Assetic's core business is asset management solutions based on National Guidelines, Austroads methodologies and core philosophies of the International Infrastructure Manual.

Our technical capability is therefore geared to make asset management the focus of system deployment. We never commence with a blank sheet of paper. The testimonials in Appendix C provides an insight into the experience Assetic can bring to an Asset Management Implementation.

3.2. Watson & Associates Economists Ltd.

Watson & Associates Economists Ltd. is a firm of municipal economists, planners and accountants that has been in operation since 1982. With a municipal client base of more than 250 municipalities and utility commissions and 47 school boards, many of which are long-term repeat clients, the firm is recognized as a leader in the municipal finance/local government field. The firm has a committed twenty-person staff that has worked together for many years. The firm's principals have participated extensively as expert witnesses on municipal finance matters at the Ontario Municipal Board for over 30 years.

A feature of many studies completed by the firm includes the development of a solid information basis, and then working closely with staff and politicians to develop consensus around controversial issues. Further, many of our studies involve public participation, presenting key information to the public in an understandable format, and seeking public input in developing recommendations and future directions as part of a study process.

Our work has involved many aspects of municipal finance and economics, including assisting municipalities across the Province with asset management and fiscal impact related services. Our firm also specializes in development charges, public sector accounting (PSAB), full cost user fee pricing models (i.e. Water & Wastewater Rate Studies), financial feasibility assessments, capital and operating impacts of municipal servicing, demographic forecasts, and local economy impact assessments.

Watson is owned and operated by the firm's senior management group, comprised of one (1) Principal and four (4) Directors.

4. Consultant Team

The consulting project team developed for this assignment has extensive PSAB and asset management experience. For more information on the project implementation team, please refer to Appendix A to this proposal.


Brad Campbell, BSc - General Manager, Assetic Canada, would be the project lead responsible for overall Project Implementation and completion. Brad has over ten years' experience in a variety of asset management related roles, from consulting to local government. He has led teams in over 100 asset management implementations, including systems and framework development to ensure compliance with relevant asset management legislation.

Tony Blefari, BE, MIEAust, is the Practice Director at Assetic, and has over 18 years' experience working in government and private engineering organizations in a variety of engineering and asset management roles. This experience has seen him apply his skills and knowledge across an entire range of infrastructure including buildings, roads, drainage, bridges, water and sewer.

As Practice Director Tony is responsible for the team, which provides specialist direction, support and delivery in the preparation, implementation and management of clients' asset management services. Such services include setting up asset registers, asset valuations, strategic prediction modeling and developing asset management policies, strategies and plans.

Tony has a Bachelor of Civil Engineering from the University of South Australia, and is a member of the Institution of Engineers Australia, Institute of Asset Management and the Asset Management Council.

Dan Wilson, BBA, CPA, CA - Director, Watson & Associates, would be responsible for providing PSAB and asset management expertise to the project. Mr. Wilson has extensive experience in the areas of municipal finance and municipal auditing with seven years of industry practice with municipal governments and public accounting/auditing firms before joining Watson. Since joining Watson in 2006, Dan has led the Asset Management, PSAB Compliance (tangible capital assets and full accrual financial statement preparation) and Water/Wastewater Financial Plan (Ontario Regulation 453/07) services at Watson. He has worked on numerous PSAB 3150 compliance studies, PSAB 1200 financial reporting studies, asset management related studies, water and wastewater rate studies, Ontario Regulation 453/07 water financial plan reporting requirements, development applications approvals process user fee studies and development charge studies. He has also undertaken lectures on PSAB 3150, financial statement reporting, asset management and water financial plans on behalf of numerous organizations including the Association of Municipal Clerks, Treasurers and Municipal Managers of Ontario (AMCTO) and the Municipal Finance Officers Association of Ontario (MFOA). Dan is a Chartered Accountant, a Chartered Professional Accountant and a member of the firm's senior management group,



which develops interpretations of legislative requirements, as well as methodologies and formats and determines alternative policy strategies for all facets of corporate assignments.

Andrew Grunda, MBA, CMA - Principal, Watson & Associates, will provide financial expertise throughout the project. Mr. Grunda has been with the firm since 1996 before which he worked for the former Regional Municipality of Hamilton-Wentworth, Finance Department. He is presently a member of the firm's senior management group, which develops interpretations of legislative requirements, as well as methodologies and formats and determines alternative policy strategies for all facets of corporate assignments. Mr. Grunda has extensive experience related to asset management, development charges, water and wastewater rate studies, development approvals process studies and fiscal impact assessments, authoring numerous studies for municipalities over the last 17 years. He has undertaken numerous lectures and seminars on asset management financing plans, development charges and full cost recovery fees and charges on behalf of numerous organizations including AMCTO and MFOA.

Amy Vesprini, BCom. (Hons.) - Consultant, Watson & Associates, would assist in the data collection and compilation. Since joining the company in 2006, Amy has assisted with data input and analysis in the areas of PSAB compliance projects, asset management studies, water and wastewater rate studies, Ontario Regulation 453/07 financial plans, development charge studies and development applications approval process reserve fee studies. Amy holds a Bachelor of Commerce Honours degree in Business Administration from the University of Windsor along with a Diploma in Business Administration from Conestoga College.

Peter Simcisko, BA (Hons.), MBE – Analyst, specializes in the area of municipal finance. Since joining the firm in the spring of 2013, he has assisted in the preparation of development charge background studies, water and wastewater rate studies, user fee studies, and asset management plans for our municipal clients. Previously he worked as a Research Assistant in the Economics department at Brock University. Peter brings a combination of economics experience and strong analytical and data modelling skills to the organization. His thorough knowledge of MS Excel has helped enhance the functionality and efficiency of the asset management models we offer to our municipal clients.

4.1. Experience and Capacity

The experience of the consultant team is outlined in Appendix D.

5. Schedule

See Appendix E.

6. Costing

See separate envelope.

Appendix A – Specific Questions

Specific Questions

	Question	Yes	No	Partial	Comments (optional)
General System Capabilities					
1.	Is the system able to integrate to multiple systems, specifically J.D. Edwards, Esri, ArcGIS, MS Office?	x			See section 2.5 and technical specifications in Appendix C
2.	Can you provide 2 examples of successful implementations with integration of systems specifically J.D. Edwards, Esri, ArcGIS, MS Office that you propose to use in London?	x			We have a standard finance integration approach that is working with over 130 customers running a wide variety of ERPs including JDE, SAP and TechnologyOne MS Office: Out of the box integration with Excel, Access and Word ESRI: 20% of Assetic sites use ESRI and have our standard integration plugin
3.	Does the software offer dashboard capability that can be customized to particular users?	x			
4.	Can data be entered in user friendly formats? E.g. mobile capability, templates, drag-and-drop, etc.?	x			
5.	Does your software solution provide other 'user-friendliness' elements?	x			
6.	Are there database updating constraints? i.e. live, daily, weekly, monthly, etc.		x		
7.	Can the software be remotely hosted?	x			

	Question	Yes	No	Partial	Comments (optional)
8.	Is the software fully compliant with the city's functional requirements on page 12 of Appendix A? and the technical requirements in Appendix C? Please fill in the table in Appendix C.	x			
Asset Inventory					
9.	Has the software been used for both linear and facility assets in a municipal context?	x			
10.	Has the software been used for all of the following municipal services? (transportation, water, sanitary, stormwater, facilities, parks, recreation (aquatics, arenas, golf, etc.), fleet, fire, long term care, information technology, solid waste, culture, and forestry).	x			
Condition Rating & Forecasting					
11.	Does the tool support various condition rating methods (e.g. discrete/continuous, quantitative/qualitative)?	x			
12.	Does the tool support various condition rating scales (e.g. FCI, BMS, PQI, Very Good to Very Poor, etc.)	x			
13.	Does the tool support various condition rating methods and scales at both asset and network levels?	x			
14.	Does the software support various types of deterioration models? (i.e. straight line, curve- linear, stochastic etc.)	x			
Level of Service (LOS)					
15.	Does the software accommodate the use of user-defined performance indicators and user-defined rating scales?	x			
16.	Does the software accommodate capturing LOS at the individual asset and asset class levels?	x			
17.	Is the tool able to show existing and historical KPI in comparison to LOS targets?	x			

	Question	Yes	No	Partial	Comments (optional)
18.	Is the tool able to forecast impacts on LOS based on proposed capital expenditures?	x			
Risk Management					
19.	Does the tool calculate the expected future overall asset risk score based on probability and consequence of failure?	x			
20.	Does the software offer risk modelling, diagrams and charts?	x			
21.	Does the software accommodate modeling risk at the individual asset and asset class levels?	x			
Life Cycle Management					
22.	Is the tool able to undertake life cycle analysis for any group of assets? (i.e. analysis to consider acquisition, operation, maintenance, repair, rehabilitation, disposal and any other external costs that may occur throughout the asset's lifecycle)?	x			
23.	Does the software offer forecasting/predictive analysis for life cycle management?	x			
24.	Does the tool allow users to fully configure the decision logic used in decision-support analysis?	x			
25.	Does the application allow for prioritization of projects based on user-defined criteria?	x			
Financial Estimates and Predictions					
26.	Does the application allow for prioritization of projects within prescribed budget limits?	x			
27.	Does the tool support and store the information required for the development of business cases (i.e. reduced risk exposure, project alignment with LOS)?	x			
28.	Does the software offer infrastructure gap modelling?	x			

	Question	Yes	No	Partial	Comments (optional)
29.	Has the software been used to generate or support TCA/PSAB 3150 reporting?			x	System is designed to support TCA PSAB 3150 reporting, but has not been used on a live Canadian site yet. Watson & Associates are included on the Assetic team to ensure compliance
Project Selection & Prioritization					
30.	Does the tool support the evaluation and comparison of project options/asset interventions (e.g. rehabilitate vs. replace vs. maintain)?	x			
31.	Can the software prioritize projects based on multi-criteria decision making approaches (i.e. Both within and across City services areas)?	x			
Support, Maintenance and Training					
32.	Are support systems available 24 hours a day?		x		24 hour online support logging
33.	Is support available to travel to client site to resolve an issue?	x			

Technical requirements

		Response (Yes, No, Pending, N/A)	Explanation/Clarification (can be expanded)
A	Technical Architecture		
1.	Does the Application provide a web-based software solution that operates in previous version and the latest version of MS Internet Explorer browser, Chrome and Firefox?	Yes	AssetCloud supports most recent two major releases of major web browsers.

		Response (Yes, No, Pending, N/A)	Explanation/Clarification (can be expanded)
2.	Does the Application provide the ability to run the Application in four environments: development, production, disaster recovery, and test/training/quality assurance?	Yes	
3.	Is the Application compatible with the latest version of Microsoft Office suite, including Outlook?	Yes	
4.	Does your application support failed login lock-out policies? How many bad attempts before account is locked?	No	Assetic myData application enforces time delay between failed login attempts. This effectively blocks brute force attempts
5.	Do accounts automatically unlock after a specified time-out period? If yes, what is the specified period?	N/A	
6.	If your application supports local authentication how do you store account passwords in the database? Please specify - Clear text, HASH without salt, HASH with Salt, Other. Please indicate the encryption level.	Yes	HASH with Salt
7.	Has your organization performed independent 3rd party (security/vulnerability/penetration) testing by a reputable Information Technology Security vendor? Please indicate date of last test.	Pending	
8.	How often do you contract 3rd party independent security/vulnerability/penetration testing? Please indicate frequency - Quarterly, Semi-Annually, Annually, Other Please indicate date of last test.	Pending	
9.	Does your organization perform in-house (security/ vulnerability/ penetration) testing by an internal Information Security team?	No	

		Response (Yes, No, Pending, N/A)	Explanation/Clarification (can be expanded)
10.	Is your in-house Information Security team certified by a recognized industry standards body? If yes, please specify - ISC2 CISSP, GIAC GSSP, Other	No	
11.	How often does your Information Security team perform in-house security testing? Please indicate frequency - Monthly, Quarterly, Semi-Annually, Annually, Other Please indicate date of last test.	No	
12.	Does your organization adhere-to or is certified by the following standards or frameworks? If yes, please specify - COBIT, PCI, ISO, NIST,ITIL, Other	No	
13.	Does your application rely on Open Source components such as Apache, Tomcat, MySQL or other? If yes, please specify components.	Yes	MapServer for Web Mapping
14.	Does your application rely on 3rd party commercial components that may affect your ability to apply security fixes because the vendor may be slow in addressing known or zero day vulnerabilities? (Java, Oracle DB Server, Adobe, Apple) If yes, please specify components.	No	
15.	Does client access require high risk software dependencies such as Oracle Java, Adobe Flash, Adobe Air, Adobe Shockwave? If yes, please specify components.	No	
16.	If your application requires Oracle Java, is it limited to a specific Java version? If yes, please specify Java version	N/A	

		Response (Yes, No, Pending, N/A)	Explanation/Clarification (can be expanded)
	Does the application provide an on premise solution? If Yes, please answer the following questions:		
17.	What type of operating system does your software require? Please specify: - Server operating system - Client operating system - Both	Yes	Client - Windows® Vista, 7 or 8 - Microsoft .NET Framework 4.0 Server - Windows® 2008/2012 Server Editions
18.	Which operating system do you support on the Server side? Please specify all that apply - Windows 2003, Windows 2008/2012, Linux, Mac OS X, N/A - application runs on client OS	Yes	Windows Server platform only
19.	Which operating system do you support on the client side? Please specify all that apply - Windows 7, Linux, Mac OS X, N/A - application runs on Server OS	Yes	Windows Desktop platform only for Desktop application.
20.	Does your application require a database? If so, please specify database type - Microsoft SQL, IBM DB2, Oracle, MySQL, PostgreSQL, Other	Yes	Microsoft SQL 2008 (or later) Standard Edition or above
21.	If your application requires a Microsoft Database connection does it support Windows Integrated Authentication? If no, does your application require an SA account?	Yes	Supports both Windows (preferred) and SQL Authentication.
22.	Does your application require a Web Server? Please specify type - Microsoft IIS, Apache, Other	Yes	IIS 7.5 or above

		Response (Yes, No, Pending, N/A)	Explanation/Clarification (can be expanded)
23.	Does your application offer a traditional thick client? Yes No - application model is strictly browser based Both- a thick client along with browser based access)	Both	
24.	Does your application or associated Windows service require local administrator privileges?	No	
25.	Does your application or associated Windows service require domain administrative privileges?	No	
26.	Does your application support Microsoft Integrated Active Directory authentication? If no, do you support other LDAP authentication or local authentication?	Yes	AD Authentication and/or custom local authentication (item 6)
27.	Does your application support browser based client interface?	Yes	Assetic's AssetCloud product provides a browser based client interface
28.	Does your application support user authentication?	Yes	
29.	Does your application support two-factor authentication?	No	
30.	Does your application require Internet access?	No	
31.	Does your application support internal audit log capability?	Yes	
32.	Is your application capable of forwarding audit log events to external devices?	No	
33.	What logging format does your application support? Please specify SNMP trap, Local or remote Windows event, Other	N/A	

		Response (Yes, No, Pending, N/A)	Explanation/Clarification (can be expanded)
34.	Does the application utilize industry standard PC desktops, laptops? Please specify minimum recommended screen configurations and graphics capabilities	Yes	Minimum 1024*768 screen resolution. Recommend 1280*960.
35.	Does the Application provide a solution that operates with Microsoft Windows 2012 R2 and above for server environments?	Yes	
36.	Does the Application provide a solution that operates with Windows 7 and above for client environments?	Yes	
37.	Does the Application provide a solution that operates with Microsoft SQL-Server 2012 and above database management software?	Yes	
38.	Does the Application provide a solution that is compatible with Microsoft Forefront End Point Protection Antimalware?	Pending	Requires testing but does not expect to have any issues.
39.	Does the Application run on VMWare virtual servers?	Yes	
40.	Does the Application provide a solution that supports latest version of IIS?	Yes	
	Does the Application provide a hosted solution? If Yes, please answer the following questions:		
41.	Does your organization host its own private datacenter on premise? Do you co-locate with other business in the same building?	No	

		Response (Yes, No, Pending, N/A)	Explanation/Clarification (can be expanded)
42.	Does your organization host its own private datacenter off-premise? Do you co-locate with other business?	No	
43.	Does your organization utilize cloud services to supplement your own service offering? Please specify cloud service - Amazon AWS, Google, Rackspace, Microsoft, Other	Yes	Hosted in Amazon Web Services (AWS)
44.	Please specify datacenter location -Canada, USA, Europe, Other	Yes	Australia and Canada
45.	Please indicate all that apply to datacenter security - Monitored alarm system, video surveillance, environmental monitoring, security guard, 24 x 7 staff	N/A	
46.	Does your organization's service or web application utilize browser based access?	Yes	Mixed. AssetCloud for web access. AWS Workspaces for desktop access.
47.	Does your service or web application require user authentication?	Yes	
48.	Does your service or web application utilize two-factor authentication?	No	
49.	Does your service or web application face the public Internet? Do you protect access through VPN?	Yes	Direct Internet
50.	Does your service or web application support Microsoft Integrated Active Directory authentication? If no, do you support other LDAP authentication or local authentication only?	Yes	The host environment has AD but does not integrate with council's internal AD.

		Response (Yes, No, Pending, N/A)	Explanation/Clarification (can be expanded)
51.	Does your service or web application support federated authentication? If yes, specify - SAML 1.1, SAML 2.0, OpenID, Other	Pending	SAML support is in roadmap
52.	Does the Password reset require identity confirmation? Please indicate which method: Phone (Customer service or technical support number), SMS Text Message (Registered mobile phone), Email (Registered email address), Secure web site (Secret password reset questions)	Yes	Phone + Email
53.	Do you have Intrusion Detection/Prevention mechanism in place alerting you to possible attacks against your web service or application?	Yes	Monitoring system in place
54.	Do you review security related audit logs? If yes, please specify frequency - Daily, Weekly, Other	Yes	Weekly
55.	Do you actively monitor web server logs with automated notification or suspect events? If no, do you monitor logs manually?	Yes	
56.	How is privileged access to your servers managed?	Yes	Only operation team has backend access.
57.	Is the Application solution scalable and can it easily adapt to increased demands, while maintaining a high level of system performance. Application needs to accommodate peak usage during registration periods.	Yes	HA + Load balanced
58.	Does the Application provide adequate performance and capacity to support remote display of documents and drawings?	Yes	Minimum bandwidth and latency requirement still applies.

		Response (Yes, No, Pending, N/A)	Explanation/Clarification (can be expanded)
59.	Does the application provide for full recovery and back-up capabilities for all on-line and batch transactions?	Yes	
60.	Does the Application provide the ability to purge a range of data based on a specified retention schedule?	No	
B	Usability Features		
1.	Does the Application provide tools for managing user accounts, security settings on data and/or applications?	Yes	
2.	Does the Application provide a full password security process based on roles and groups?	No	For complex password management, use Windows Authentication support
3.	Does the Application provide an audit trail of all system activity, including by user, date and time?	Yes	Yes Many system events are auto-logged, however this is being extended to complete system logging in new product release.
4.	Does the Application provide a flexible and secure security management process for assigning privileges and rights?	Yes	
5.	Does the Application provide an automatic log-off feature after a specified period of inactivity?	Pending	
C	Data Integrity & Availability		
1.	Does the Application provide control reports for all data conversion processes including balances and counts?	Pending	
2.	Does the Application provide control and audit reports?	Yes	
3.	Does the Application provide alerts for unauthorized or suspicious activity?	No	

		Response (Yes, No, Pending, N/A)	Explanation/Clarification (can be expanded)
4.	Does the Application provide full back up and restore functions with logging?	No	This process is managed outside of the application
5.	Does the Application (if hosted) guarantee 99.9% uptime?	Yes	
6.	Does the Application ensure all sensitive data is encrypted?	Yes	Data are encrypted on transit
7.	Does the Application provide full application recovery capabilities?	???	
8.	Does the Application allow display or printing of passwords?	No	
9.	Does the Application enable an administrator to suspend an ID from future usage?	Yes	
10.	Does the Application periodically request the user reset their password?	No	For complex password management, use Windows Authentication support
11.	Does the Application set a minimum password length?	No	For complex password management, use Windows Authentication support
12.	Is the Application able to send bi-directional information in a variety of formats including: XML, Stored procedure, web services, etc.?	Yes	
13.	Does the Application provide users an option to retrieve passwords by utilizing a username/password access mechanism?	No	For complex password management, use Windows Authentication support
14.	Does the Application allows self-service password resets?	No	For complex password management, use Windows Authentication support
D	Integrations		

		Response (Yes, No, Pending, N/A)	Explanation/Clarification (can be expanded)
1.	Does the Application provide integration to the following Applications, including, but not limited to: - JDE One World - GIS(ESRI) - ArcGIS, - MS Office?	Yes	Export/Import with Excel (.xls and .xlsx) GIS Visualization support with various provider (e.g. ESRI, MapInfo, Openspatial) We have a standard finance integration approach that is working with over 130 customers running a wide variety of ERPs including JDE, SAP and TechnologyOne
2.	Does the application contain an Application Programming Interface (API) or web services interface?	Yes	Web Services (SOAP) module is available
3.	Does the Application provide compatibility with the following mobile platforms: Windows Mobile, iOS, Android, and BlackBerry? Is the application built using open-standard mechanisms such as HTML5, CSS, and jQuery to dynamically adapt content for mobile devices? Please indicate what versions of iOS and Android are supported.	Yes	AssetCloud web interface is built using HTML5, CSS and jQuery. The application is tested with latest iOS, Android and Windows tablet.
E	Maintenance and Support		
	Does the Application provide maintenance and support contract options, including the following:		
1.	Critical support 24/7 X 365	Yes	For hosted options and critical system failures (requires an additional service level agreement)
2.	User groups meetings.	Yes	
3.	Standard support hours in the Eastern Time Zone (please provide.)		

		Response (Yes, No, Pending, N/A)	Explanation/Clarification (can be expanded)
4.	All major product revisions, upgrades and enhancements.		
5.	Fixes and patch services for problems encountered between releases.	Yes	
6.	Complete help desk service.	Yes	
7.	Online interface with ability to open/track support issues and availability of a knowledgebase.	Yes	
8.	Issue escalation procedures (please describe.).	Yes	See section 2.9 in the main document
9.	Documentation for users, administrators. Application provides updates to documentation with each new version release.	Yes	
10.	Initial and refresher training classes, including training for Application Administrators, technical support staff, and end users.	Yes	We regularly run online training and free webinars for knowledge transfer and refreshers. See www.assetic.com for current training schedules.

Functional Requirements.

Report Name	Compliance	Comment
R1	Asset Inventory	Over 110 specific Asset Categories covering all Municipal Asset Types and Sub Types. Details can be reported via Standard or advanced user defined reporting tools.

Powerful Search tool to filter and group on asset attributes and save these queries

Current Selected asset details and audit trail

Filter asset-level data and management tabs by operational areas

Flexible navigation structure to intuitively group and manage assets

Uncluttered and comprehensive GUI with over 14000 inbuilt fields, formulae and algorithms across 50 asset classes



R2 Overall Asset Condition Grades Fully Asset Condition on a 1 – 5 scale. All 100+ asset categories have out of the box Condition Attributes, based on LG best practice and current standards.

Zone: Denison Electorate Timeline: Current Create Archive myData

Summary Inventory Attributes Traffic Count Condition Fair Value Depr. Schedule Documents Photos Risk Management Associated Assets Maintenance Planning Treatments Contact

Holistic Index

Functionality: 2 Capacity: 4 Aesthetics: Obsolescence: 2
 Utilisations: 2 Safety: 2 Accessibility: Fatigue Factor:

Holistic Raw

Functionality: Good Capacity: Moderate Aesthetics: Obsolescence: Good
 Utilisations: Good Safety: Good Accessibility: Fatigue Factor:

Condition Info

OCI: Moderate

Crocodile Cracking: 3 Linear Cracking: 2 Stripping: 2 Pavement Defects: 3
 Trans Cracking: Edge Defects: 2 Rutting: 2 Local Surface Defects: 1
 Surface Deformations: Surface Texture: Pavement Strength: Flushing:
 Patches: Roughness: 2 Raveling: Cross Sections:
 Rainfall: Oxidation: Shoulder Drop (Left): Shoulder Drop (Right):
 Shoulder Bulldup (Left): Shoulder Bulldup (Right):

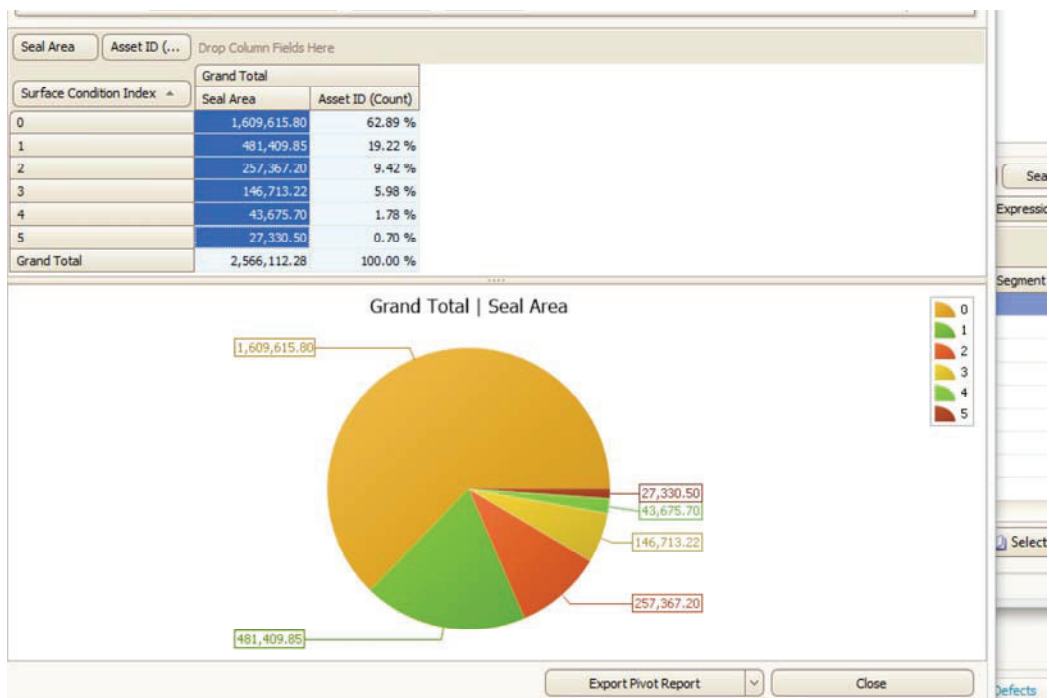
Condition Info Unsealed

Drainage Left: Drainage Right: Loose Material: Dust Factor:
 Crossfall: Shape Loss: Pavement Depth: 0 Ride Ability: 0

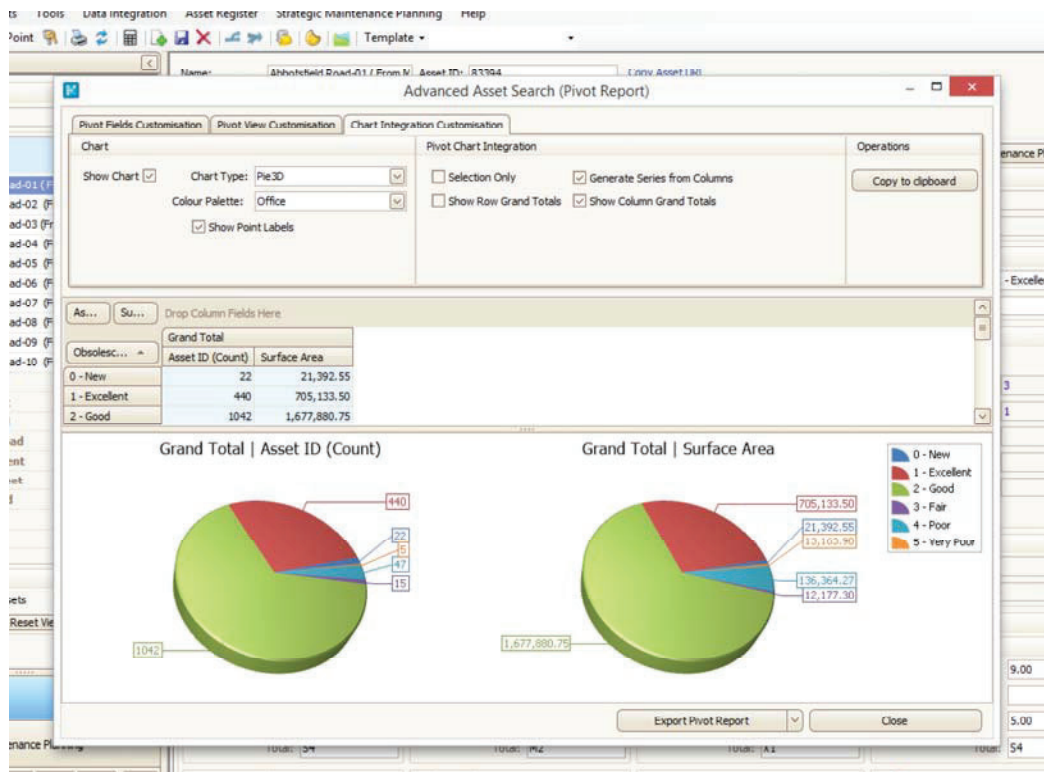
Calculated Raw Data

Crack Cracking	Linear Cracking	Stripping	Pavement Defect
Slight: 15.00	Slight: 7.00	Slight: 9.00	Slight: 9.00
Moderate: 2.00	Moderate: 1.00	Moderate: 2.00	Moderate: 5.00
Extreme: 2.00	Extreme: 1.00	Extreme: 2.00	Extreme: 5.00
Total: 54	Total: M2	Total: K1	Total: 54

Transverse Cracking Edge Break Rutting Defects



R3 Detailed Asset Condition Grade Fully The software allows any grading system to be used, in addition both Raw and Scaled conditions can also be held, allowing the users access to the condition detail.





R4 Asset Valuations Fully Full componentized Replacement Values (All categories have pre-packaged asset components out of the box for simple system set up)

Fully customizable valuation patterns (Software comes with pre-packaged 100+ valuation patterns)

Level of Service Based Life-cycle costing reports.

The screenshot shows the 'myDat' software interface. On the left is a navigation tree with categories like Buildings, CRU, Flat, Inhouse, Office, Rooming House, and Townhouse. The main window displays 'General Information' for an asset, including insurance details and financials. A 'Sub-Structure - AAS Financials' section is visible. A 'Consumption Matrix' window is open, showing a graph of 'Written Down Value (%)' vs 'Remaining Useful Life (%)' and a table of matrices.

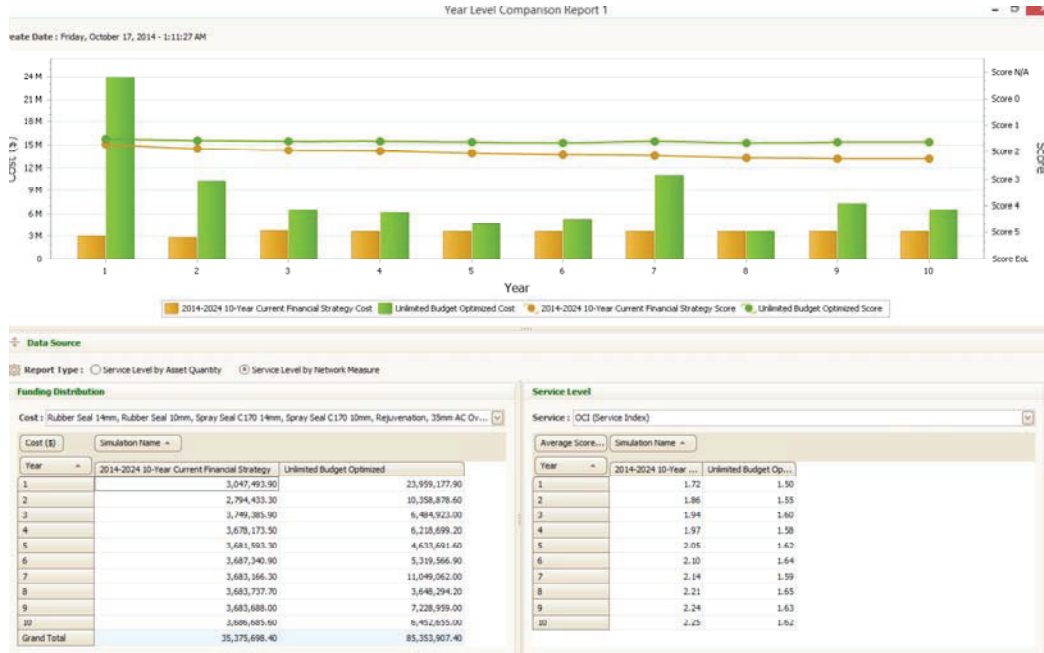
SPI	Description	RL Percentage	WDV Percentage
0		100	100
1	2	70	92
2	3	40	87
3	4	20	70
4	5	5	30
5	6	0	0

The screenshot shows the 'Asset Life Cycle Report 1' for '24 - Auburn Road'. It features a bar chart of 'Cost (\$)' over 'Year' (0-20). A significant cost spike is visible at year 6. Below the chart is a 'Data Source' table for '24 - Auburn Road'.

Year	30mm AC Overlay	60mm AC Overlay	Double Spray Seal	Rehabilitation	Reconstruction	Concrete Renewal	Upgrade	Maintenance Cost	User Cost
0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	102.50	0.00
15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	102.50	0.00
16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	102.50	0.00
17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	102.50	0.00
18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	102.50	0.00
19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	102.50	0.00
20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	102.50	0.00
Grand Total	0.00	50,225.00	0.00	0.00	0.00	0.00	0.00	4,262.50	0.00



R5 Funding Gap Report Fully Funding GAP reports based on Desired and Current Levels of Service, including condition (service level) forecast.



Gap Analysis

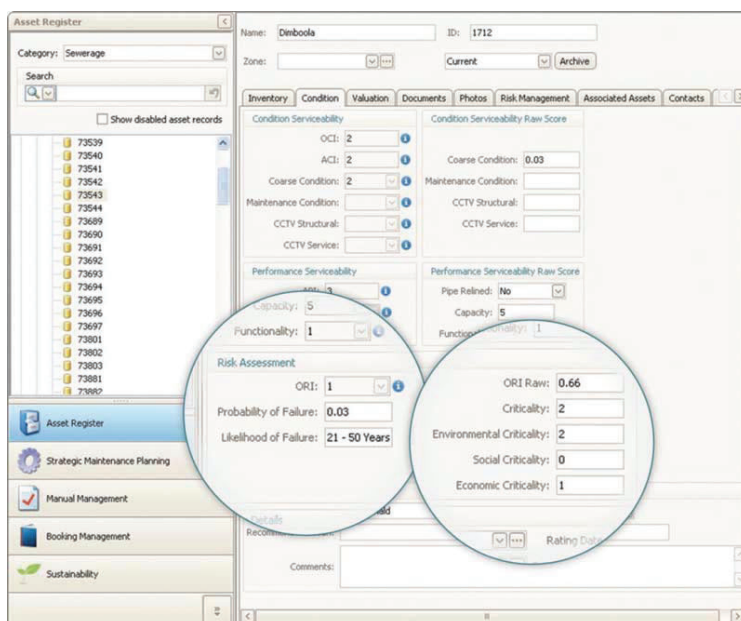
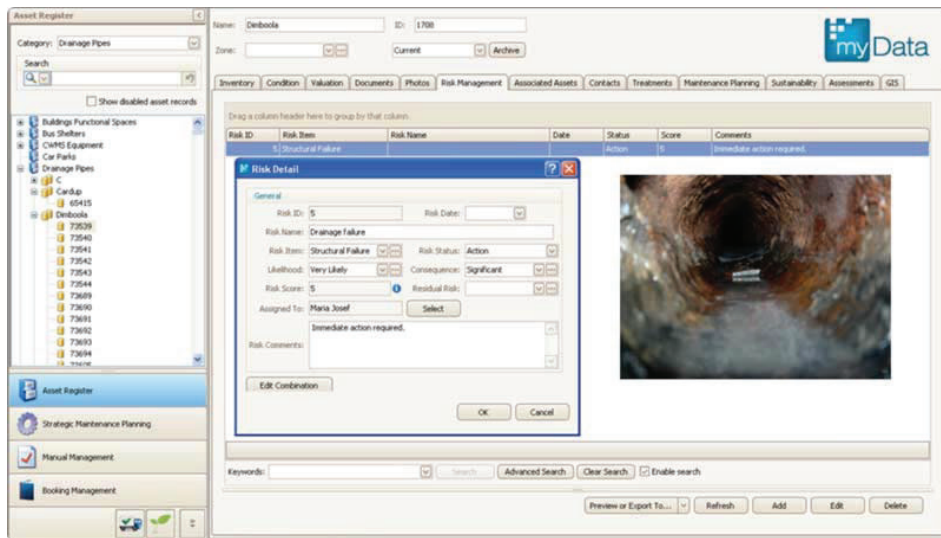




R6 Asset Risk Assessment Report Fully

Assetic can record risk management documents, photos, videos and events against individual assets. The framework is based on AS4360 for risk management and users have the flexibility to:

- Assign likelihoods based on operational framework
- Assign consequence of identified risk
- Setup the risk algorithm and compute a risk score
- Assign status of event – in progress or active or completed





Risk Register Report: (7/1/2013-6/30/2014)

Asset ID	Asset Name	Segment	Hierarchy				
Category: Bld- Buildings							
221777	Main Office Building - Council Chamb...		B3 - General				
Category: Ope- Park Equipment							
195126	Carousel	Roseneath Park Playground					
Category: Tpt- Roads							
172269	Access Rd - Into Brendan Cres Entr...		Minor Road				
Risk ID	Risk Name	Risk Item	Assigned To	Status	Likelihood	Consequence	Risk Score
25	Flooding	Natural Disasters		Open	4 - Likely	3 - Moderate	
26	Flooding	Natural Disasters		Open	4 - Likely	3 - Moderate	
27	Road deteriora...	Financial/Safety		Open	4 - Likely	3 - Moderate	
28	Road condition...	Financial/Safety	Hunt, David	Closed	3 - Possible	3 - Moderate	
Category: Zzz- Roads (IRIS) (OLD)							
59767	Access Rd - Bitumen To Roseneath ...		Minor Road				
Risk ID	Risk Name	Risk Item	Assigned To	Status	Likelihood	Consequence	Risk Score
17	Flooding	Natural Disasters		Open	4 - Likely	3 - Moderate	
18	Flooding	Natural Disasters		Open	4 - Likely	3 - Moderate	
19	Road deteriora...	Financial/Safety		Open	4 - Likely	3 - Moderate	
20	Road condition...	Financial/Safety	Hunt, David	Closed	3 - Possible	3 - Moderate	
21	Flooding	Natural Disasters		Open	4 - Likely	3 - Moderate	
22	Flooding	Natural Disasters		Open	4 - Likely	3 - Moderate	
23	Road deteriora...	Financial/Safety		Open	4 - Likely	3 - Moderate	
24	Road condition...	Financial/Safety	Hunt, David	Closed	3 - Possible	3 - Moderate	

Keywords: Search Enable search

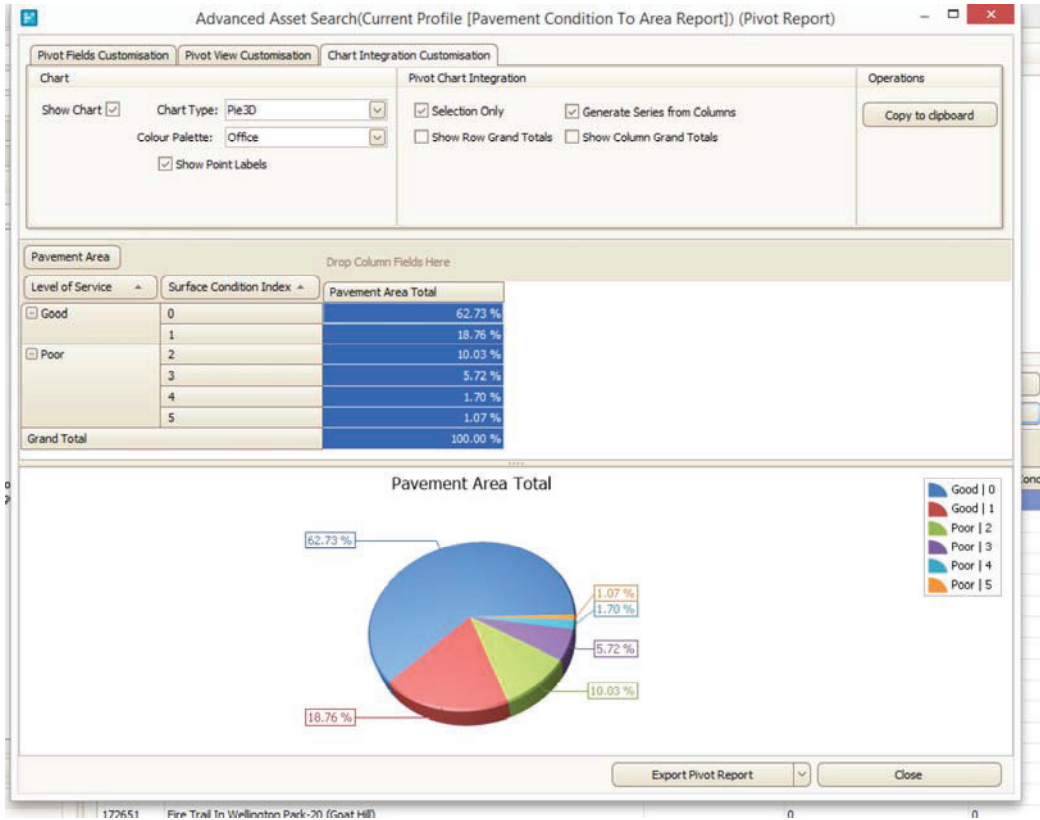
Report Generation requested on: 10/17/2014 1:14:48 AM | Generated on: 10/17/2014 1:15:08 AM



R7 TCA Reporting Fully Assetic's Valuation reporting generates a TCA Report that provides the necessary data for year-end audited financial statement disclosure as per PSAB 3150 such as opening balances, additions & betterments, disposals, write-offs, accumulated amortization and current year amortization.

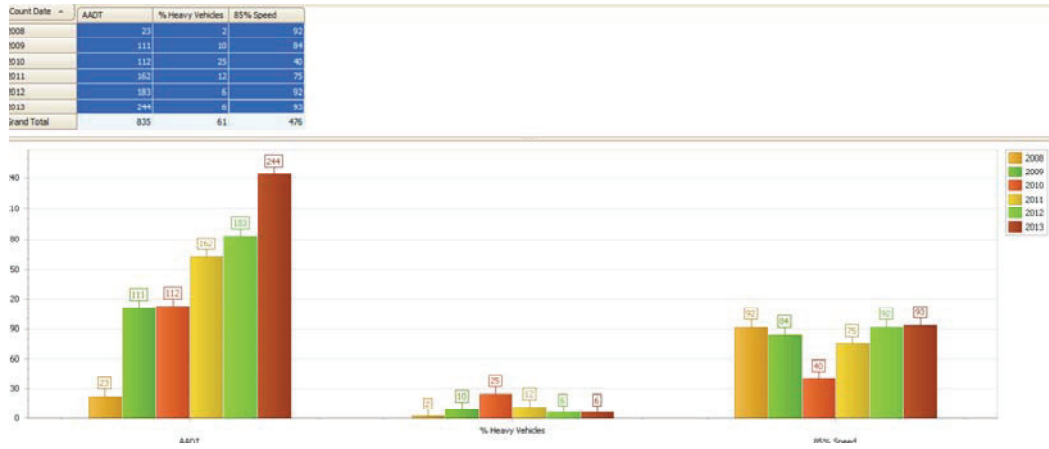
Financial Sub Class	Opening Balance	Addition	Disposal	Adjustments	Closing Balance	Post Closing Bal...	Opening Balance	Addi
	\$0.00	\$48,063,305.40	\$0.00	\$0.00	\$48,063,305.40	\$48,063,305.40	\$0.00	\$
	\$443,776.89	\$0.00	\$0.00	\$0.00	\$443,776.89	\$443,776.89	\$238,115.53	
Housing	\$0.00	\$509,669.36	\$0.00	\$0.00	\$509,669.36	\$509,669.36	\$0.00	
Art & Sculptures	\$0.00	\$17,679.00	\$0.00	\$0.00	\$17,679.00	\$17,679.00	\$0.00	
Buildings	\$28,290,694.30	\$1,302,091.48	\$0.00	\$0.00	\$29,592,785.78	\$29,592,785.78	\$15,653,014.50	
Buildings (Market Value)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Buildings Equipment & Furniture	\$7,780,890.77	\$0.00	\$0.00	\$0.00	\$7,780,890.77	\$7,780,890.77	\$4,923,571.15	
Buildings Plant & Equipment	\$37,338,239.22	\$0.00	\$0.00	(\$3,751,739.90)	\$33,586,499.32	\$33,586,499.32	\$22,981,087.65	
	\$73,409,824.29	\$1,319,770.48	\$0.00	(\$3,751,739.90)	\$70,977,854.87	\$70,977,854.87	\$43,557,673.30	
IT Infrastructure	\$0.00	\$1,099.00	\$0.00	\$0.00	\$1,099.00	\$1,099.00	\$0.00	
Stormwater Drainage	\$0.00	\$11,808.24	\$0.00	\$0.00	\$11,808.24	\$11,808.24	\$0.00	
	\$83,347,218.89	\$0.00	\$0.00	\$0.00	\$83,347,218.89	\$83,347,218.89	\$11,568,917.03	
Parks	\$9,662.00	\$0.00	\$0.00	\$0.00	\$9,662.00	\$9,662.00	\$9,662.00	
	\$83,356,880.89	\$0.00	\$0.00	\$0.00	\$83,356,880.89	\$83,356,880.89	\$11,578,579.03	
Roads - Unsealed	\$0.00	\$218,892.00	\$0.00	\$0.00	\$218,892.00	\$218,892.00	\$0.00	
	\$0.00	\$181.13	\$0.00	\$0.00	\$181.13	\$181.13	\$0.00	
Sewer Mains	\$0.00	\$331,292.45	\$0.00	\$0.00	\$331,292.45	\$331,292.45	\$0.00	
SEWER NODES	\$0.00	\$25,460.00	\$0.00	\$0.00	\$25,460.00	\$25,460.00	\$0.00	
Treatment Plant	\$0.00	\$1,026,206.00	\$0.00	\$0.00	\$1,026,206.00	\$1,026,206.00	\$0.00	
	\$0.00	\$1,383,139.57	\$0.00	\$0.00	\$1,383,139.57	\$1,383,139.57	\$0.00	
	\$0.00	\$331,292.45	\$0.00	\$0.00	\$331,292.45	\$331,292.45	\$0.00	
Sewer	\$0.00	\$518,302.98	\$0.00	\$0.00	\$518,302.98	\$518,302.98	\$0.00	
Sewer Pumps	\$0.00	\$19,500.00	\$0.00	\$0.00	\$19,500.00	\$19,500.00	\$0.00	
Sewer Treatment Facility	\$0.00	\$25,162,967.53	\$0.00	\$0.00	\$25,162,967.53	\$25,162,967.53	\$0.00	\$:

R8 Asset LOS Reports Fully The Advanced Reporting tool allows the user to create custom level of service reports on existing and historical data. Below show the Surface Condition of the Road Network by Area split into its corporate LOS.



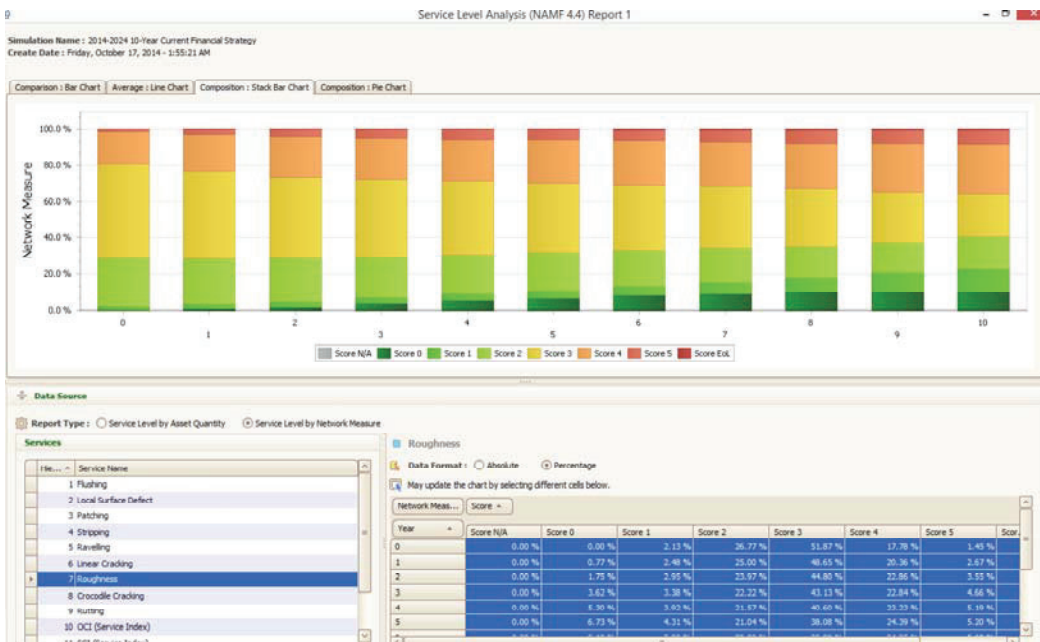
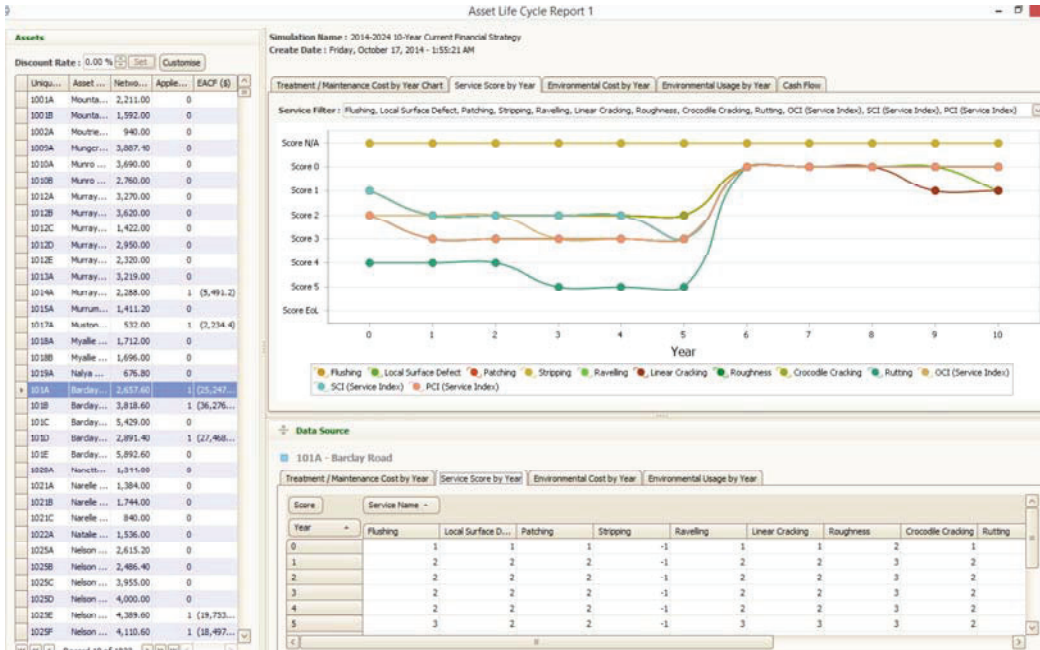


R9 OMBI Reporting (KPI) Fully The Advanced Reporting tool allows the user to create custom report for existing and future OMBI performance measure. Below is traffic volume example. See R8 for a condition example.





R10 Condition Forecasting Reports Fully Condition Forecasting can be done on and individual Asset or Component and at the Asset Type level and can be compared based on multiple scenarios.



R11 Asset Capacity Report Fully Assetic can track Actuals v Design or Target across multiple different Asset Categories, example below is Fleet Utilization.

Fleet Utilisation (Charged Hour) Detail Report Form

Whole Life Cycle Date Range: From 1/07/2012 to 16/04/2013 Load Data File Expression (Optional) Show Columns (Optional)

Profiles: Load Remove Add Profile Name Here Save Pivot Report

Department Asset Type

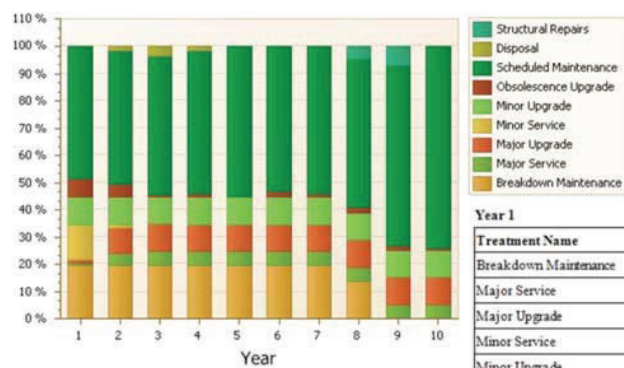
Inventory	Dates		Utilization (Hours)							
Asset ID	Department	Section	Asset Type	Asset Sub Type	Make	Model	Current Hrs	Target Current Hrs	Target Annual Hrs	Utilization (%)
Department: Infrastructure & Planning Services										
Asset Type: Graders										
34	Infrastructure & Planning Services	Roads & Drainage	Graders	Graders	John Deere	670CH	736.00	794.52	1,000.00	92.63 %
207	Infrastructure & Planning Services	Roads & Drainage	Graders	Graders	Caterpillar	12H	477.00	794.52	1,000.00	60.04 %
310	Infrastructure & Planning Services	Roads & Drainage	Graders	Graders	Caterpillar	12M	829.00	794.52	1,000.00	104.34 %
321	Infrastructure & Planning Services	Roads & Drainage	Graders	Graders	Caterpillar	12H	633.00	794.52	1,000.00	79.67 %
1129	Infrastructure & Planning Services	Roads & Drainage	Graders	Graders	John Deere	670D	610.00	794.52	1,000.00	76.76 %
8036	Infrastructure & Planning Services	Roads & Drainage	Graders	Graders	Caterpillar	120H	792.00	794.52	1,000.00	99.68 %
8058	Infrastructure & Planning Services	Roads & Drainage	Graders	Graders	Caterpillar	120H	846.00	794.52	1,000.00	106.48 %
8059	Infrastructure & Planning Services	Roads & Drainage	Graders	Graders	Caterpillar	12M	619.00	794.52	1,000.00	77.91 %
8076	Infrastructure & Planning Services	Roads & Drainage	Graders	Graders	Caterpillar	12H	701.00	794.52	1,000.00	88.23 %
8127	Infrastructure & Planning Services	Roads & Drainage	Graders	Graders	Caterpillar	12M	749.00	794.52	1,000.00	94.27 %
Asset Type: Rollers										
307	Infrastructure & Planning Services	Roads & Drainage	Rollers	Multi-Tyred	Anmann	AP240 Pneumatic	96.00	238.36	300.00	40.28 %
8128	Infrastructure & Planning Services	Roads & Drainage	Rollers	Multi-Tyred	Sakai	GW 750-2	280.00	794.52	1,000.00	35.24 %

R12 Capital Project Listings – Multiple Fully Budgets

Below are the Works Prioritization report, showing both graphical and tabular information (Can also be drilled down to individual Projects) and the Budget Aggregation Report showing multiple budgets across Asset categories. Trade off analysis reports can also be used to assess the effect of moving budget between Asset Types or categories.

Works Prioritisation Summary

Simulation: Hawkston Buildings
Date: Friday, 21 January 2011

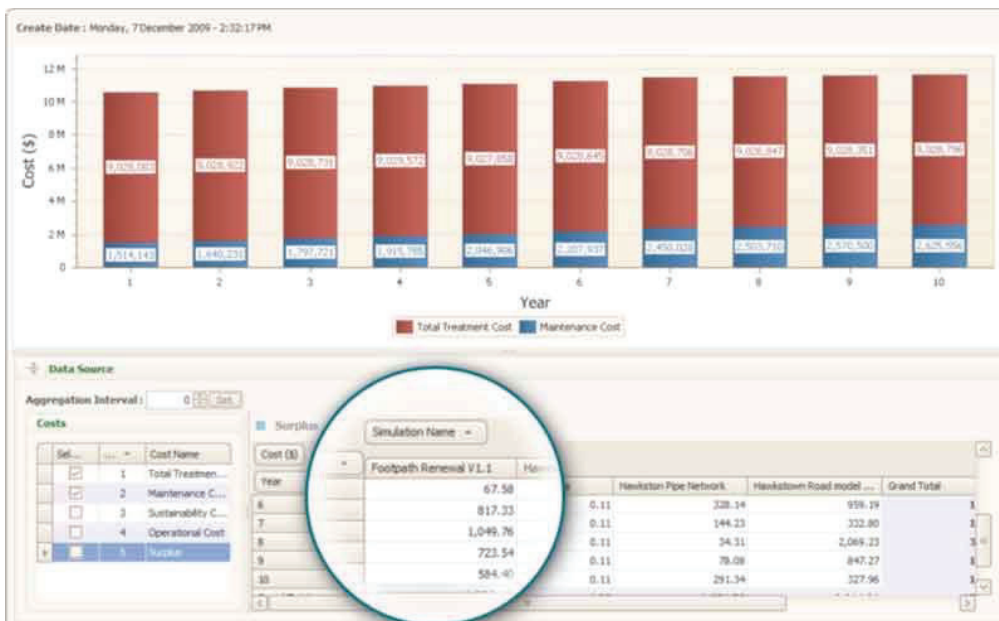


Year 1

Treatment Name	Cost	Percentage
Breakdown Maintenance	\$212,500.00	19.68 %
Major Service	\$10,000.00	0.93 %
Major Upgrade	\$10,000.00	0.93 %
Minor Service	\$142,500.00	13.19 %
Minor Upgrade	\$110,000.00	10.19 %
Obsolescence Upgrade	\$70,000.00	6.48 %
Scheduled Maintenance	\$525,000.00	48.61 %
Annual Total	\$1,080,000.00	100.0 %

Year 2

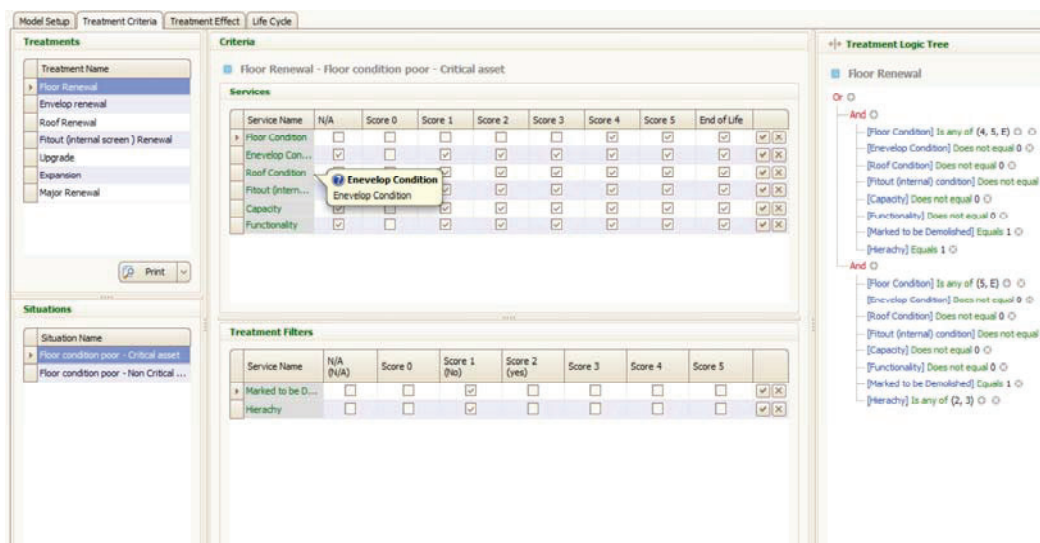
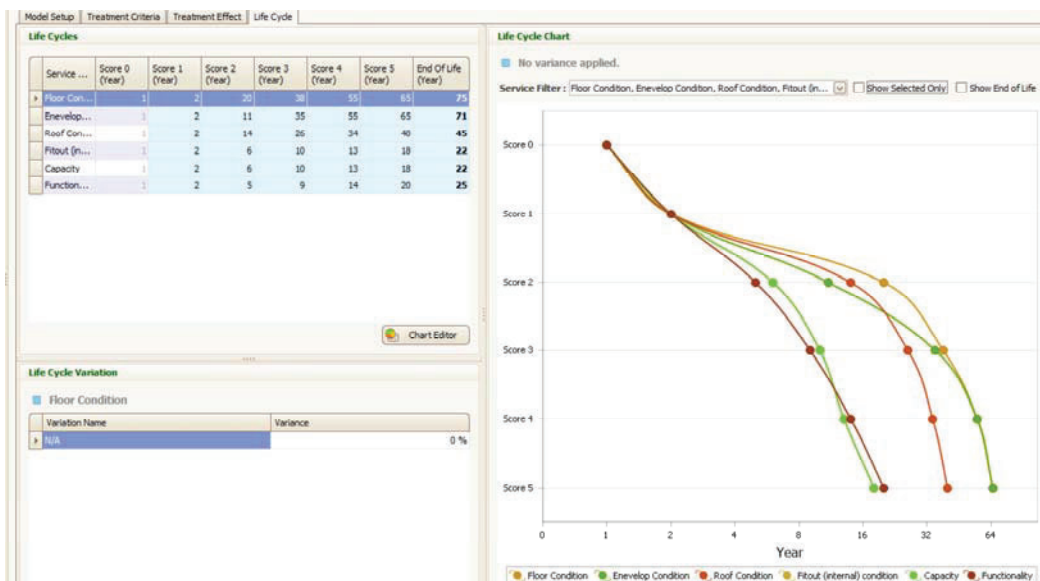
Treatment Name	Cost	Percentage
Breakdown Maintenance	\$212,500.00	19.68 %
Disposal	\$15,000.00	1.39 %

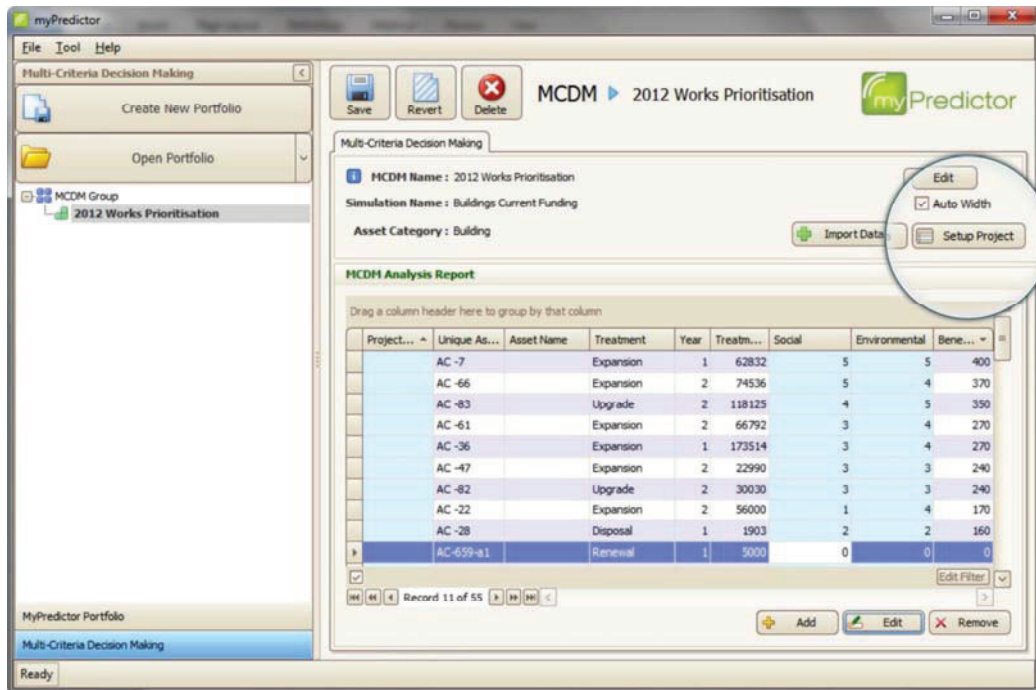




R13 Capital Project Listings - Fully Business Case and related documentation can be stored against the predicted treatment or related Asset as shown below

R14 Asset Intervention Fully Assetic provides multiple reports, modules and options to drive asset intervention including but not limited to
 *Year Level Comparison Report
 *Treatment Criteria Modeling
 *Life – cycle algorithms
 * Multi Criteria Decision Module



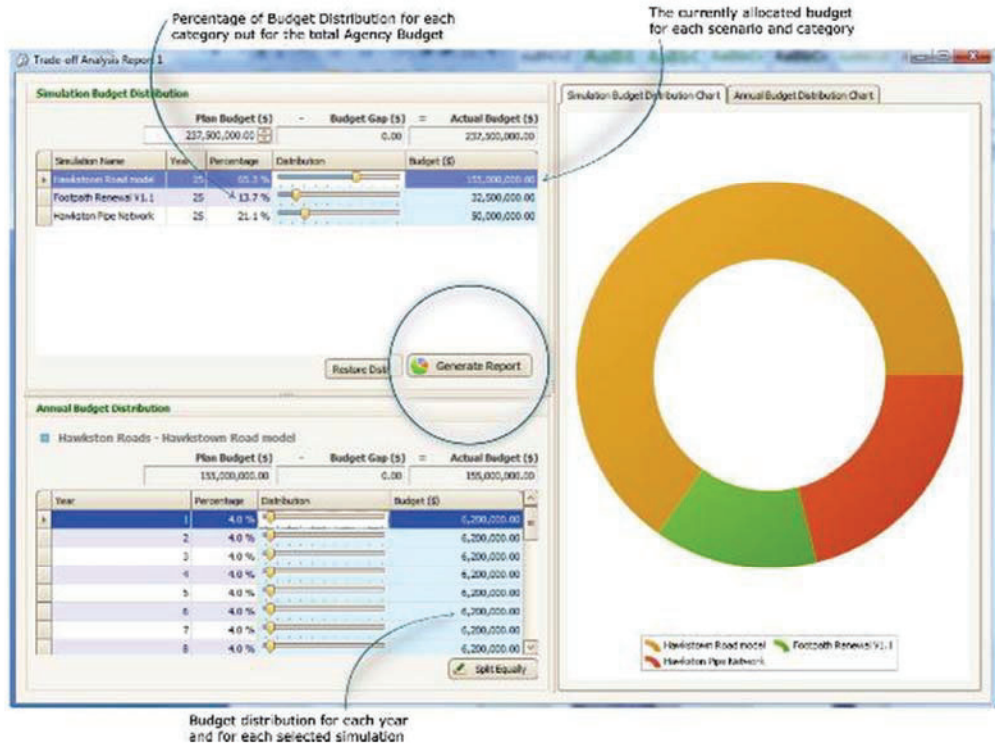


R15 Lifecycle Costing Report Fully ** see R4

R16 Prioritized Capital Project Listing – within Service Area Fully ** see R14



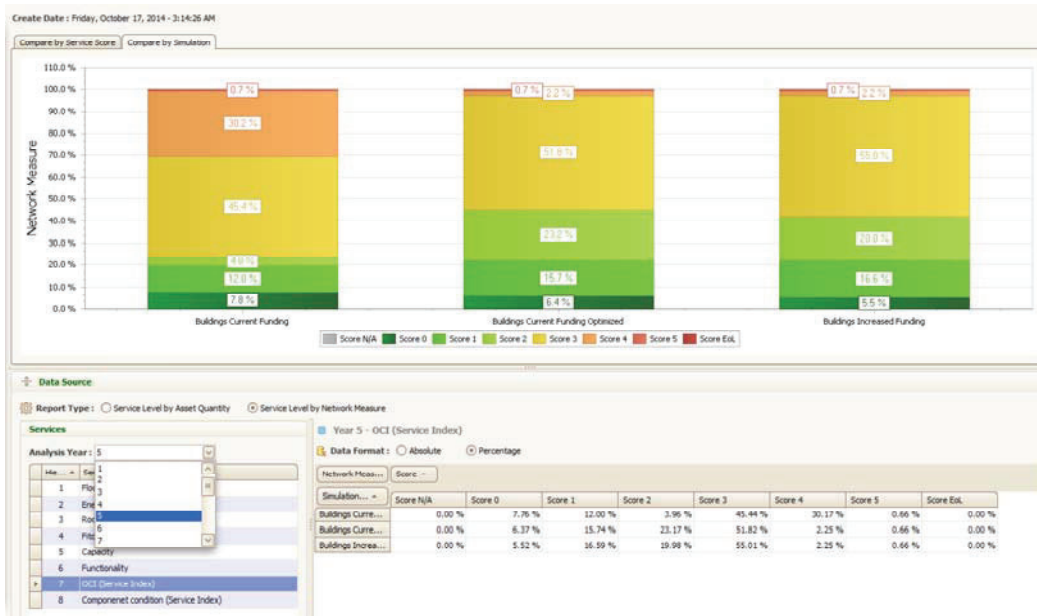
R17	Prioritized Capital Project Listing - Between Service Area	Fully	** see R13 plus the Trade off Analysis report below, which gives the user simple tools to Analysis the effect of moving Budget \$ across service areas
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R18	Risk Forecasting Report	Fully	*see R6
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R19 LOS Fully Assetic allows the user simple and powerful tools to compare multiple LOS based on different funding scenarios. Below you see a report showing the current Service level scores across three scenarios and multiple years all on a one user friendly interface.

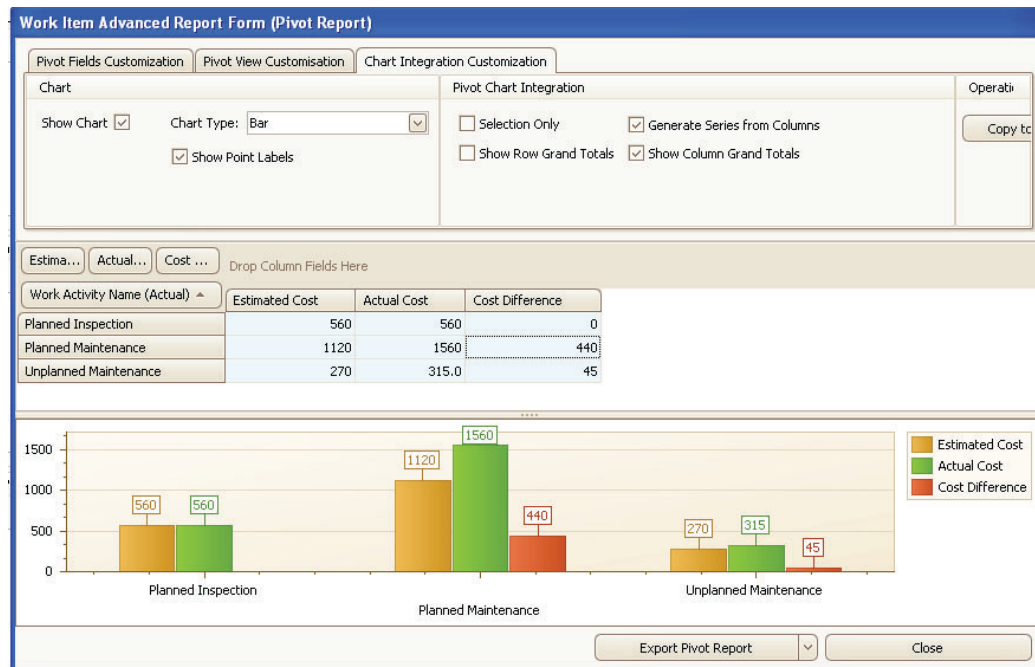


R20 What if Fully See R19 and R6
scenario simulator



R22 Capital Fully Actual and Planned capital cost can be capture direct or pulled from existing systems and reported using Assetic's advanced reporting tools

delivery tracking report



System Analysis and Computation

System Analyses and Computation Tool Assetic Tool Description

4.2.1 Condition Rating Converter Condition Matrix tool: Allows the user to scale between any qualitative or quantitative scale, while also maintaining both sets of data

The screenshot displays the 'Select Matrix' dialog box. It contains a table with the following columns: Index Field, Raw Field, and Description. The 'Available mappings' sub-dialog is open, showing 'Available Indexes' (0-5) and 'Rules for index value = 5' (Raw Value: Matches 'Very Poor').

Index Field	Raw Field	Description
Accessibility Condition Matrix	Accessibility Condition Raw	Accessib...
Aesthetics Holistic Matrix	Aesthetics Holistic Raw	Aestheti...
Asset Location Matrix	Asset Location	Risk Ass...
Bathroom Fitouts Condition	Bathroom Fitouts Condition ...	Bathroo...
Capacity Holistic Matrix	Capacity Holistic Raw	Capacity...
Consequence of Failure Matrix	Consequence of Failure	Risk Con...
Cost of Repair Matrix	Cost of Repair	Risk Cos...
Difficulty Of Repair Matrix	Difficulty Of Repair	Risk Diff...
Economical Criticality Matrix	Economical Criticality	Risk Eco...
Environmental Criticality Matrix	Environmental Criticality	Risk Env...

Available mappings

Available Indexes: 0, 1, 2, 3, 4, 5 (selected)

Buttons: Add, Edit, Delete, Close

Rules for index value = 5

Raw Value: Matches 'Very Poor' (selected)

Buttons: Add Range, Add Raw Value, Edit, Delete

Background application state: Utilisation: Good, OCI: 2, Sub-Structure: 1, Roof: 1, Windows: 4, Interior: Floor Coverings: 1, Fitouts & Fittings: 1, Laundry Fitouts: 2, Bathroom Fitouts: 2, Wall Finishes: 2, Laundry Fitouts: 30, Wall Finishes: 31.

4.2.2 Deterioration Modeling	<p>myPredictor is a performance modelling tool that is designed to cater for long-term planning of infrastructure assets. It is based on the recommendations in the International Infrastructure Management Manual.</p> <p>The key features are:</p> <ul style="list-style-type: none"> • Produces 5-30 year financial profiles of funding requirements for a range of service levels • Determines the best level of service that can be provided for a given level of funding • Predicts the future levels of service for a network with an increased, reduced or fixed level of funding • Determines the costs of bringing assets up to a satisfactory standard • Determines the future maintenance needs to keep assets at a satisfactory standard • Produces Capital Work Programs by locations and recommends treatments and costings • Models on the basis of asset condition, service capacity, functionality, criticality and asset adequacy • Produces financial and life-cycle reports that can be embedded into asset management plans • Multi Criteria Decision Making tool prioritizes and ranks projects selected for capital works using subjective criteria such as social benefits, stakeholder reward and economic rationality, risk and criticality of service
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*see sections R.....

4.2.3 Asset Depreciation Calculator	The Assetic Depreciation Schedules modules allow depreciation of assets at historical cost, using all standard depreciation methods.
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4.2.4 Asset Replacement Cost Calculator	The Assetic Fair Value (Replacement Cost) module allow depreciation of assets at Replacement cost, using standard and user-defined Valuation Patterns
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*see R4

4.2.5 Life Cycle Calculator	See 4.2.2
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4.2.6 Funding Gap Calculator	See 4.2.2 and R5
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4.2.7 Asset Risk Assessment Calculator	See R6
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4.2.8 Asset Risk Assessment Forecaster	See R6
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4.2.9 Cost / Benefit Calculator

See 4.2.2 and R14

4.2.10 Project Prioritization Tool

See 4.2.2 and R14

4.2.11 LOS/Risk Scenario Analyzer

See 4.2.2 and R14

4.2.12 Data Aggregation Tool

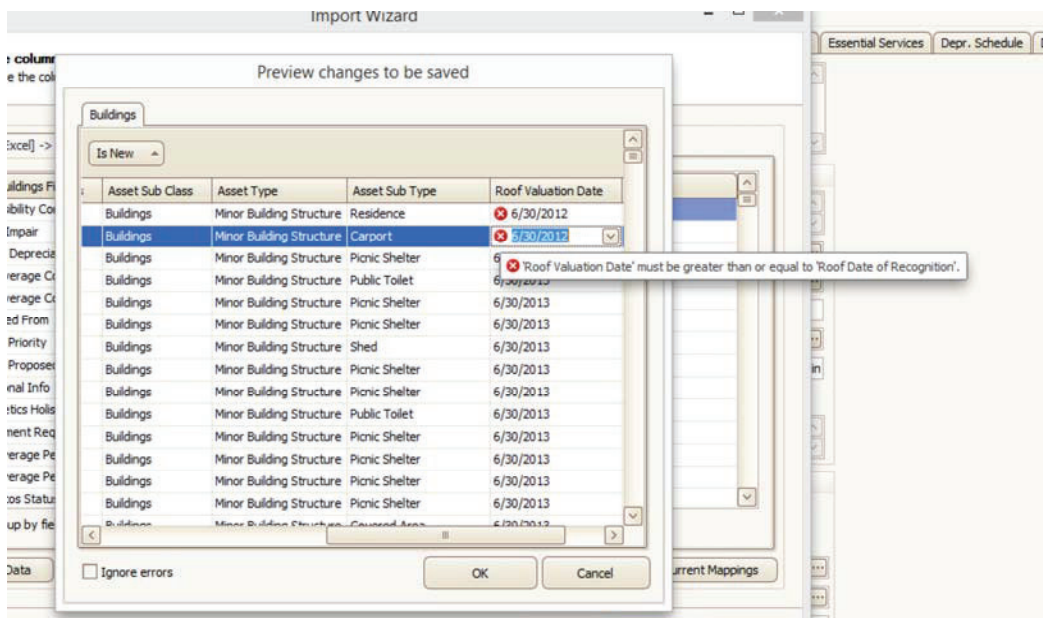
See R21

4.2.13 Data Query Tool

See R21

4.2.14 Data QA/QC tools

The Assetic Data Import tools have built in QA functionality, with user friendly tips to help users with data integrity. Data can be imported from Excel, Access, Shape files, TAB files, SQL, etc..





Appendix B – Equipment Resources

Below is an extract from the Assetic Deployment Guide. The full guide is available to all client via the Assetic knowledgebase website.

System Requirements

To deploy the system in a network environment, one or more servers that are running a Windows Server operating system are required. Minimum required specifications include:

Database Server

- SQL Server 2008R2/2012 Standard Edition or above
 - With SQL Server Analysis Services
- Server stored in a secure location, ideally in a dedicated server room with sufficient air conditioning and provision redundancy (UPS, backup power generator)
- Tape drive/network backup and procedures in place
- Windows® 2008/2012 Server Editions
- Intel™ quad core or similar processor
- 8GB of System Memory
- 20GB of Free hard drive space (Additional space required for backups)
- Microsoft .NET Framework 4.0 (Full)

File Server (Shared Directory)

- 20GB of Free hard drive space (Additional space will depend on documents and photos attached)
- Server stored in a secure location, ideally in a dedicated server room with sufficient air conditioning and provision redundancy (UPS, backup power generator)
- Tape drive/network backup and procedures in place
- Windows® 2008/2012 Server Editions
- Intel™ quad core or similar processor
- 8GB of System Memory

Desktop Clients

- Windows® Vista, 7 or 8 (with 100% DPI setting)
- Intel™ I5 or higher processor
- 4GB of System Memory
- 2GB of Free hard drive space
- Microsoft .NET Framework 4.0 (Full)



Appendix C – References

Glenorchy City Council, TAS

When Glenorchy City Council started rolling out its new strategic asset management framework, members of Glenorchy's Asset Management Committee attended an asset management seminar that was held in Hobart by Assetic.

What we learned from that seminar was that we had not considered all aspects involved in asset management to ensure we were putting together a long-term robust framework that would support our future strategies and policies. From that point, we developed an excellent and valued relationship with Assetic. They were able to quickly point out what we were doing well and where and what our deficiencies were.

Assetic have been instrumental in leading and assisting Glenorchy City Council in developing a full asset management framework implementation across all asset and infrastructure groups. Assetic steered the special SAMG team (Strategic AM group), involved all stake holders at all levels, and has empowered the team at Glenorchy to continue to set the AM practice in place.

Assetic has developed an implementation process that takes into account, and helps manage the change process and ensures everyone involved takes full ownership of the outcomes. This was recognised and proved invaluable when the project involved informing and convincing Glenorchy's Aldermen that better planning was required to preserve and maintain council's infrastructure assets. Part of the communication strategy used by Assetic involved work-shopping Aldermen and key staff together periodically, when key milestones were reached. This ensured information flowed freely and effectively from all involved. The communication process and provision of information in practical terms to Aldermen proved to be extremely effective, as detailed in the following quote from Glenorchy City Councils Corporate Accountant, who wrote,

On Monday night Council passed its budget. The budget (based on our new policies) contained a rate rise of 5.38%. Whilst any rate rise is regrettable, considering that 12 months ago the general rate rise was 0.00%, this was quite an achievement. On budget night, many Aldermen spoke strongly in favour of the asset management process and supported such a rise, due primarily to the need to prevent our assets decaying further.

To have Aldermen looking beyond 12 months, well into the future and towards the legacy they may leave was fantastic. I have no doubt that without Assetic assistance such a change would not have been possible.

In my view, our ability (through myPredictor) to clearly illustrate the consequences of under-funding our assets was the pivotal moment in this process.

Overall, I would sum up by saying that the whole process has had a huge impact on the way this council now manages its assets. Assetic's guidance was integral in developing an effective asset management framework, asset assessment and modelling tools, new asset policies and councils service level standards.

Referee Name	Council	Phone and Email	Details
Peter Fortune Asset Engineer	Brimbank City Council (VIC)	<i>tel.</i> (02) 92494248 <i>email.</i> petergf@brimbank.vic.gov.au	Assetic SAM: Setup and Implementation for one of the most advanced asset management framework for road and facility assets for 12 years. Complete documentation and training in assessments, data corporatisation, valuations and prediction models that have fine-tuned, calibrated, tested and proven for performance. Paper presented at IPWEA Congress 2000 and 2002.
Dominic D'Martino Asset Manager		<i>tel.</i> (03) 9249 4351 <i>email.</i> dominicDM@brimbank.vic.gov.au	
Andrew Keith Asset Manager	Griffith City Council (NSW)	<i>tel.</i> (02) 6969 4836 <i>email.</i> andrew.keith@griffith.nsw.gov.au	Assetic SAM: Setup and Implementation for one of the most advanced asset management framework for road and facility assets for 12 years. Complete documentation and training in assessments, data corporatisation, valuations and prediction models that have fine-tuned, calibrated, tested and proven for performance. Paper presented at IPWEA Congress 2000 and 2002.
Graeme Fletcher Asset Engineer	Cardinia Shire (VIC)	<i>tel.</i> (03) 5945 4252 <i>email.</i> G.Fletcher@cardinia.vic.gov.au	Assetic SAM: Complete documentation and training in road assessments and prediction models that have fine-tuned, calibrated, tested and proven for performance. Asset Management Plans developed. Paper presented at Roads Congress 2005 and IPWEA 2004.
Linda Hasthorpe Asset Engineer	Latrobe City (VIC)	<i>tel.</i> (03) 5128 5486 <i>email.</i> linda.hasthorpe@latrobe.vic.gov.au	Assetic SAM all asset classes: Complete documentation and training in asset assessments, valuations and prediction models that have fine-tuned, calibrated, tested and proven for performance. Asset Management Plans developed.
Andrew Vermeij Asset Engineer	Gosford City Council (NSW)	<i>tel.</i> (02) 4325 8222 <i>email.</i> andrew.vermeij@gosford.nsw.gov.au	Assetic SAM: Setup and Implementation for one of the most advanced asset management framework for road assets. Complete documentation and training in road assessments, data corporatisation, valuations and prediction models that have fine-tuned, calibrated, tested and proven for performance. Data setup and Models were presented to State Road Authority as an example of best practice asset management. Presented paper at IPWEA world congress 2009.
John Miller Asset Management Coordinator	Melton Shire Council (VIC)	<i>tel.</i> (03) 9747 5358 <i>email.</i> johnm@melton.vic.gov.au	Leading edge modelling and asset registry setup. One of the best national showcase sites.

John Chapman Director of Corporate Services	Oberon Council (NSW)	<i>tel.</i> (02) 6336 1100 <i>email.</i> chapmanj@oberon.nsw.gov.au	Complete setup of Assetic SAM for sealed and unsealed roads, footpaths, kerbs, bridges, sewer, buildings and water assets. Setup includes inventory, condition data and valuations of infrastructure. Implementation of Assetic SAM including condition assessment logging, modelling and producing long-term scenarios for asset management plans, currently underway.
Marcus Smith Asset Manager	District Council of Mt Barker (SA)	<i>tel.</i> (08) 8391 7215 <i>email.</i> msmith@dcmtbarker.sa.gov.au	Leading edge modelling and asset registry setup. One of the best national show-case site. Presented paper at IPWEA world congress 2009.
Jan Korek Asset Manager	City of Stirling (WA)	<i>tel.</i> (08) 9345 8641 <i>email.</i> korek.jan@stirling.wa.gov.au	The best national framework SAM setup for Buildings and Roads including strategic repositories and long term modelling - all used for Council Asset Management Plans.
Kanwal Singh Asset Manager	Kalamunda Shire (WA)	<i>tel.</i> (08) 9257 9950 <i>email.</i> kanwal.singh@kalamunda.wa.gov.au	Leading edge modelling and asset registry setup. One of the best national show-case site. Presented paper at IPWEA world congress 2011.
Jeff Breen Executive Manager - Engineering	Shire of Ashburton (WA)	<i>tel.</i> (08) 9188 4445 <i>email.</i> jeffrey.breen@ashburton.wa.gov.au	Currently underway to develop asset models and data for all asset classes and provide a 5 year capex program based on DLG guidelines.
Luke Ertzen Asset Director	City of Geraldton (WA)	<i>tel.</i> (08) 9956 6693 <i>email.</i> lukeertzen@cgg.wa.gov.au	World-class repository and planning management setup capturing detailed asset data in Assetic for future decision-making.
Nicola Grant Asset Manager	Cessnock City (NSW)	<i>tel.</i> (02) 4993 4248 <i>email.</i> nicola.grant@cessnock.nsw.gov.au	Leading edge SAM framework, asset repository and modelling in Assetic for all asset classes including asset management plans based on scenario analyses.
Michael Chorlton Manager Financial Services	Tweed Shire Council (NSW)	<i>tel.</i> (02) 6670 2431 <i>email.</i> mchorlton@tweed.nsw.gov.au	Leading edge modelling and asset registry setup. One of the best national showcase sites.
David Hobson Asset Management Coordinator	Whitsunday Regional Council (QLD)	<i>tel.</i> (07) 4945 0655 <i>email.</i> david.hobson@whitsundayrc.qld.gov.au	Leading edge modelling and asset registry setup. One of the best national showcase sites.
Martin Terescenko Asset Manager	Lane Cove Council (NSW)	<i>tel.</i> (02) 9911 3555 <i>email.</i> mtereskenko@lanecove.nsw.gov.au	Assetic SAM: Setup and Implementation for one of the most advanced asset management framework for road assets. Complete setup in road assessments, data corporatisation, valuations and prediction models that have fine-tuned, calibrated, tested and proven for performance.

<p>Brenden Quabba Executive Manager – Construction and Maintenance</p>	<p>Townsville City Council (QLD)</p>	<p><i>tel.</i> (07) 4727 8400</p> <p><i>email.</i> brenden.quabba@townsville.qld.gov.au</p>	<p>Assetic SAM: Setup and Implementation for one of the most advanced asset management framework for road assets. Complete documentation and training in road assessments, data corporatisation, valuations and prediction models that have fine-tuned, calibrated, tested and proven for performance. Data setup and Models were presented at various state conferences by council staff.</p>
<p>John Raymond Asset Manager</p>	<p>Mitcham City (SA)</p>	<p><i>tel.</i> (08) 8372 8843</p> <p><i>email.</i> jraymond@mitchamcouncil.sa.gov.au</p>	<p>Complete setup of Assetic SAM for sealed and unsealed roads, footpaths, kerbs, bridges, sewer, buildings and water assets. Setup includes inventory, condition data and valuations of infrastructure.</p> <p>Implementation of Assetic SAM including condition assessment logging, modelling and producing long-term scenarios for asset management plans, currently underway.</p>
<p>Alex Green Director</p>	<p>Corangamite Shire (VIC)</p>	<p><i>tel.</i> (03) 5593 7100</p> <p><i>email.</i> alex.green@corangamite.vic.gov.au</p>	<p>Complete setup of Assetic SAM for sealed and unsealed roads, footpaths, kerbs, bridges, sewer, buildings and water assets. Setup includes inventory, condition data and valuations of infrastructure.</p> <p>Implementation of Assetic SAM including condition assessment logging, modelling and producing long-term scenarios for asset management plans, currently underway.</p>
<p>Warren Reimann Finance Manager</p>	<p>City of Victor Harbor (SA)</p>	<p><i>tel.</i> (08) 8551 0500</p> <p><i>email.</i> wreimann@victor.sa.gov.au</p>	<p>Complete setup of Assetic SAM for sealed and unsealed roads, footpaths, kerbs, bridges, sewer, buildings and water assets. Setup includes inventory, condition data and valuations of infrastructure.</p> <p>Implementation of Assetic SAM including condition assessment logging, modelling and producing long-term scenarios for asset management plans, currently underway.</p>
<p>Lindsay Tanner Director</p>	<p>City of Wagga Wagga (NSW)</p>	<p><i>tel.</i> (02) 6926 9480</p> <p><i>email.</i> tanner.lindsay@wagga.nsw.gov.au</p>	<p>Commenced 2011</p>
<p>Kylie White CFO</p>	<p>Westernport Region Water Corporation (VIC)</p>	<p><i>tel.</i> (03) 5956 4121</p> <p><i>email.</i> kwhite@westernportwater.com.au</p>	<p>SAM water module implementation including long term asset modeling and prediction</p>
<p>Lachlan McGregor Senior Engineer Asset Delivery</p>	<p>Goulburn Valley Water (VIC)</p>	<p><i>tel.</i> (03) 5832 0710</p> <p><i>email.</i> LachlanM@gvwater.vic.gov.au</p>	<p>SAM water module implementation including long term asset modeling and prediction</p>

<p>John Skinner Asset Manager</p>	<p>Midcoast Water (NSW)</p>	<p><i>tel.</i> 1300 133 455</p> <p><i>email.</i> john.skinner@midcoastwater.nsw.com.au</p>	<p>SAM water module implementation including long term asset modeling and prediction</p>
<p>Sydney Shang IT Manager</p>	<p>Fraser Coast Regional Council (QLD)</p>	<p><i>tel.</i></p> <p><i>email.</i> sydney.shang@frasercoast.qld.gov.au</p>	<p>Assetic SAM: Setup and Implementation for one of the most advanced asset management framework for road and facility assets for 12 years. Complete documentation and training in assessments, data corporatisation, valuations and prediction models that have fine-tuned, calibrated, tested and proven for performance. Paper presented at IPWEA Congress 2000 and 2002.</p>
<p>Michael Messner Asset Manager</p>	<p>Bankstown City Council (NSW)</p>	<p><i>tel.</i></p> <p><i>email.</i> Michael.messner@bankstown.nsw.gov.au</p>	<p>Complete setup of Assetic SAM for sealed and unsealed roads, footpaths, kerbs, bridges, sewer, buildings and water assets. Setup includes inventory, condition data and valuations of infrastructure.</p> <p>Implementation of Assetic SAM including condition assessment logging, modelling and producing long-term scenarios for asset management plans, currently underway.</p>

Appendix D - Experience and Capacity

Strategic Asset Management

Element	Experience and Capacity
Asset Hierarchies	Developed hierarchies across all 40+ infrastructure asset sub-classes on over 100 sites.
Cost / Benefit Analysis	Developed cost-benefit prioritisation methods for 12 councils in last two years for Capital Works Prioritisation. Now extending to Investment Logic Mapping and Multi-Criteria Analysis using IIMM methods.
Condition and Level of Service Assessment	Applied industry specific frameworks for assessments of infrastructure and developed over 200 assessment guidelines. Now introducing Star-Rating Concept in WA sites after successful run in NSW, Vic, Qld and SA.
Deterioration Models	Developed over 150 deterioration models, performance models, failure modes, paths of progression and decay curves for various asset classes. Models have been successfully applied to develop long term financial models, seek additional roads to recovery funding; government grants demonstrate impact of current funding and writing AM plans and strategies.
Policies and Strategies	Developed policies and strategies on a range of asset classes and processes for over 40 sites in last five years.
Pricing Models	Currently developing an annuity model for several authorities to determine a pricing model for charging for future services.
Risk Assessment;	Trained over 1500 Council workers in risk assessment in line with legislative needs.
Service Standards	Developed over 100 service level standards across a range of Councils and asset classes over last 4 years.

Tactical Asset Management

Elements	Experience and Capacity
Asset evaluation	Implemented on over 100 sites.
Asset Management Plans	
Asset Valuation	Over 50 Council valuations done in last 4 years including pre-audits and development of valuation methods. Infrastructure assets only – we do not do market valuations of buildings or plant/equipment.

Condition Assessment	Trained over 6 contracting firms in delivering specific condition audits to 15 councils in last 4 years. Trained and accredited Council staff (50 sites) over last six years using a 2 day accreditation process. Trained over 1000 council staff in condition inspections in accordance with Road Management Act.
Custom Agreements	Developed service level agreements for over 100 sites across all asset classes.
Customer Charters	
Maintenance Review / Audit	Undertaken review, assessments, and diagnostics on 60 sites in last four years including a recommendation report on forward planning.
Micro Models	
Operational / Process Audits	
Pavement Management	Developed over 50 pavement management frameworks in Queensland, NSW, Vic, WA and Tas. Setup and developed pavement management systems, performance reporting tools, condition analysis frameworks and pavement reporting methods.
Performance Assessment and Benchmarking	All part of Step-Watch deployment on over 100 sites. We develop a complete framework manual which is Council specific and includes a detailed section on each of these elements. They are developed from ground-up and endorsed by Council as the way forward to practice and measure asset management.
Program Development and Scheduling	
Project Prioritization	
Remaining Life Assessment	
Resource Allocation	

Mr Ashay Prabhu



-
- Qualifications**
- Bachelor of Engineering with Hons (1992)
 - Asset Management Systems, Deakin University – Distinction

- Summary of Positions Held**
- Director – ACEAM Pty Ltd.
 - Director – Assetic Pty Ltd
 - Director of Training – Asia Pacific Institute of Good Asset Management.
 - Founding Director – ACORN Inc
 - Member of National Interview Panel – I.E(Aust)- Chartered Professional Engineers

-
- Areas of Knowledge and Expertise**
- Infrastructure Management
 - Strategic Asset Management
 - Asset Performance Modelling
 - Asset Life Cycle Analysis
 - Asset Management Plans and Implementation
 - Asset Management Training and Development
 - Asset Management Diagnostics
 - Community Consultation

-
- Professional Awards**
- I.E(Aust) – Australian Young Professional Engineer of the Year– 1999
 - I.E (Aust) – Tasmanian Young Professional Engineer of the Year – 1998 and 1999
 - AMQI – International Asset Management Award – 1999
 - I.E(Aust) Young Engineers Public Speaking Awards – 1993,1994,1995,1996
 - Channel 9 Television – Young Achiever of the Year Award, Career Achievement 1995

-
- Professional Memberships**
- Institution of Engineers Australia M.I.E(Aust) – Chartered Professional Member
 - National Professional Engineers Register
 - Civil College – Member
 - EAROPH Asia Pacific – Invited Life Member

-
- Professional Papers and Publications**
- Presented over seventy papers and two hundred training workshops for local and state government agencies and at major national and international conferences

-
- Specialist Skills**
- Leading organisational team in implementing Asset Management through a total knowledge transfer process. Over 200 sites and case studies
 - Systems and Framework development to comply with Asset Management Legislations
 - Organisational reviews and Change Management for AM implementations
 - Long Term Financial Planning and Organisational Strategy facilitations
 - Prediction Modeling and LC Analysis – over 120 case studies
-

Public Papers and Training Programs Delivered:

(Recent Examples provided)

1. Australian Asphalt Pavement Association National and International Conferences:

- a. 1998 – Life Cycle Costing of Australian Pavement Network.
- b. 1999 – Prediction Modeling and Behaviour of Asset Networks.
- c. 2000 -Probabalistic Methodologies of Network Modeling using Markovian Approach.

2. Maintenance Engineering Society of Australia International Conference:

- a. 2000 – Whole of Life Analysis of a City Council's Asset Management.

3. Australian Road Research Board National Conference:

- a. 1999 – Probabalistic and Deterministic Modeling Systems.
- b. 2000 – Expert Panel for Conference Discussion Session.
- c. 2003 – Condition Based Long-Term Financial Planning for Rural Councils.

4. Institution of Public Works Engineering National and International Conferences:

- a. 2003 – 5 years case study of alternative asset management planning methods using a City Council approach (joint paper).
- b. 2005 – 3 year case study of ACEAM Step-Watch Service Level Criteria in Maintenance Management and Operational Asset Management.
- c. 2005 – Development of Fit for Purpose Data Collection Methods for Asset Modeling (joint paper).
- d. 2006 - 8 year case study of ACEAM Step-Watch program using a rural council example (joint paper).
- e. 2008 – Service Level and KPI measurement for Local Government.
- f. 2009 – Joint Case Study paper – Asset Management or Rocket Science.
- g. 2009 – Joint Case Study Paper – 2 Year Asset Management Journey using a Corporate Framework.

5. Road Pavex National Conference:

- a. 2005 – Key note paper in Road Management Legislation in Victoria and Council adaptation using ACEAM Step-Watch framework.
- b. 2005 – case study analysis of maintenance and risk inspections in 14 local government councils – findings and analysis.
- c. 2006 – Key-note paper in Legal Implications and How to Defend in policy defense against asset management claims.
- d. 2006 – joint case study in life cycle asset management financial modeling.

6. Third International CECAR World Congress in Seoul:

- a. 2004 - Asset Management Planning – Service Centric Framework and deployments in Asia.

7. Local Government Accounting Association:

- a. 2006 – National workshop in asset accounting and modeling life cycle analysis at the National Conference.

- b. 2007 – Asset accounting and depreciation methods using Prabhu-Edgerton Life Cycle Model for Infrastructure Assets.
- c. 2007 – Fundamentals of Deterioration Modeling (presented by colleague as author was unwell).
- d. 2008 – Joint Keynote speech on Asset Management Systems and Training, with the CEO and Head of APIGAM and Vice President of EAROPH Malaysia.
- e. 2010 – National AM mandates – removing the myths: keynote speech.
- f. 2011- Systems approach to Strategic Asset Management.

8. Local Government Managers Association:

- a. NSW 2007 – Delivered 22 Master Class Workshops in various NSW locations under contract with LGMA to prepare NSW organisations for fair-value asset accounting.

9. CPA Australia:

- a. 2006 – Delivered 12 Master Class Workshops in Asset Management Frameworks, Financial Modeling and Life Cycle Planning using ACEAM Step-Watch and Assetic myPredictor.
- b. 2007 – Delivered 8 Master Class Workshops in Asset Management Frameworks, Financial Modeling and Life Cycle Planning using ACEAM Step-Watch and Assetic myPredictor.

10. EAROPH/APIGAM (Eastern Regional Organisation of Planning and Housing)

- a. 2002 – National Asset Management Framework Implementation – A Pathway
- b. 2003 – Key note paper in Asset Management Tools and Systems.
- c. 2003 – Key note Paper – Asset Behaviours and Financial Modeling, ASCI, India.
- d. 2003 - Key note Paper Step-Watch Asset Management Framework for Indian Municipalities, Mumbai Municipal Corporation, India.
- e. 2003 onwards – several asset management workshops and master-classes, using ACEAM Step-Watch provided to Ministry of Housing Malaysia, Mumbai Municipal Corporation India, Hyderabad Water Board India, Administrative Staff College of India and National Architectural Academy in India.

Qualifications • Bachelor of Surveying (2001)

Summary of Positions Held

- Senior Consultant / Account Manager – Assetic Pty Ltd
- Senior Consultant – ACEAM Pty Ltd
- Manager – Asset and Projects – Corowa Shire Council
- Surveyor – Esler & Ass. Pty Ltd
- Surveyor – Reeds Consulting Pty Ltd.

Areas of Knowledge and Expertise

- Infrastructure Management
- Strategic Asset Management
- Asset Performance Modelling
- Asset Life Cycle Analysis
- Fleet Management and MMS Systems
- Asset Management Plans and Implementation
- Asset Management Training and Development
- Asset Management Diagnostics
- Community Consultation
- Maintenance Management Practise and Implementation

Specialist Skills

- Leading organisational team in implementing Asset Management through a total knowledge transfer process. Over 80 sites and case studies
- Systems and Framework development to comply with Asset Management Legislations.
- Prediction Modeling and LC Analysis – over 120 case studies
- Fleet Management System and Maintenance Management System Development and testing
- Maintenance Management System implementation and Business Process development. Over 25 sites and case studies
- Fleet Management System implementation and Business Process development. Over 25 sites and case studies
- GIS integration
- Mobility Platform integration

Track Record

- Asset Management Plans based on IPR: 20 plans written in last five years
 - Asset Valuation Projects: 14 councils – all infrastructure classes supported
 - Assetic AMS implementation: Facilitated and delivered on 40 sites
 - Condition Assessment Training: 15 sites in last five years
-

**Mr Tony Blefari,
MIEAust**



-
- Qualifications**
- Bachelor of Engineering (Civil Engineering), University of South Australia – 1994
 - Diploma in Civil Engineering, University of South Australia – 1992

- Summary of Positions Held**
- Assetic Pty Ltd, Senior Asset Management Consultant
 - ACEAM Pty Ltd, Senior Associate
 - Moreland City Council (VIC), Unit Manager Depot Operations & Fleet
 - Moreland City Council (VIC), Asset Planning Engineer
 - Adelaide City Council (SA), Asset Engineer Road Assets
 - City of Whittlesea (VIC), Assets Engineer
 - HDS Australia Pty Ltd (SA), Project Engineer / Asset Management Consultant
-

- Areas of Knowledge and Expertise**
- Infrastructure Management
 - Strategic, Tactical and Operational Asset Management, including Asset Performance Modelling, Asset Life Cycle Analysis and day to day Asset Maintenance
 - Asset Condition Rating / Monitoring
 - Design and construction of municipal engineering works, including a thorough knowledge of relevant standards and codes of practice
 - Asset planning and development
 - Financial procedures as applied to infrastructure assets, with extensive experience in Asset Valuation & Revaluation
 - Community Consultation
 - Asset Management Training
 - Project Management
-

- Further Education / Training**
- Qualified Level 2 Bridge Inspector
 - PRINCE2 Project Management
 - Fire Warden Training
 - First Aid
-

- Professional Memberships**
- The Institution of Engineers, Australia (IEAust)
 - Institution of Public Works Engineers Australia (IPWEA)
 - Institute of Asset Management
 - Asset Management Council
 - The Association of Professional Engineers, Scientists and Managers, Australia (APESMA)
 - Local Government Victoria (LGPro)
-

Professional Papers and Publications Presented over 15 papers and several training workshops for local government throughout Australia.

- Specialist Skills**
- Training of Council staff in implementing Asset Management within their organisation through a knowledge transfer process.
 - Systems and Framework development to comply with Asset Management Best Practice Principles.
 - Organisational reviews and Change Management for Asset Management implementations.
-

Public Papers and Training Programs Delivered:

(Examples of Papers and Training)

1. Conference Papers:

- a. Understanding the Impact of Costing Methodologies, CPA Asset Accounting and Management National Conference – Brisbane, Melbourne, Canberra & Sydney, April 2007
- b. On-ground Implementation of Moreland's Road Asset Management Plan, IPWEA International Public Works Conference – Adelaide, August 2005
- c. Giving Councillor's the Strategic Options to Make Informed Decisions, MAV International Local Government Asset Management Conference – Melbourne, May 2005
- d. On-ground Implementation of a Road Asset Management Plan, Victorian Roads Conference – Melbourne, April 2005
- e. Implementation of Asset Management in Moreland, SMEC Conference – Hunter Valley, March 2005

2. Master Class / Training:

- a. Asset Management Master Class, NSW Local Government Finance Professionals -One Week Intensive Course – Charles Sturt University, Bathurst NSW, 2008
- b. Asset Management Master Class, NSW Local Government Finance Professionals -One Week Intensive Course – Charles Sturt University, Bathurst NSW, 2007

Municipal Asset Management

Municipalities own and manage a substantial asset inventory, from linear assets (e.g. roads, sewers, water mains) to land and facilities (e.g. arenas, fire stations, administrative buildings) to vehicles and equipment (e.g. trucks, plows and ambulances). It is estimated that the level of investment per taxpayer property ranges from \$70,000 for small urban/rural municipalities, to in excess of \$100,000 per property for large urban centres.

The 1950-1980 period saw considerable investment by Ontario municipalities in acquiring and constructing municipal assets. Today many of these assets have passed the midway point in their useful lives and will need further investment to either extend their usefulness or to be replaced.

Watson & Associates has assisted municipalities in developing long term asset management plans which address the capital expenditure planning, financing and tax rate implications for asset renewal and replacement. Financial plans are normally developed over a minimum 10-year planning horizon (often 20 years or longer) in order to smooth the impacts on tax/ratepayers over time. A well-developed asset management plan, based on solid research and expert analysis provides staff and Council with the information needed to make effective annual reserve fund and investment decisions.



Our specialists in this area include:

Gary Scandlan,
Director

Andrew Grunda,
Principal

Dan Wilson,
Director

Cam Watson,
Corporate Advisor

Barb O'Connor,
Manager, Studies

Nancy Neale,
Senior Project
Coordinator

Greg Beal,
Senior Consultant

David Uusitalo,
Senior Consultant

Amy Vesprini,
Consultant

Byron Tan,
Analyst

Peter Simcisko,
Analyst

Sean-Michael Stephen,
Analyst

Asset Management Plans Client List

Provincial Municipal Infrastructure Strategy (Building Together) Compliant (2013-2014):

- Aylmer
- Aylmer Secondary Water Supply System
- Belleville
- Centre Wellington
- Central Elgin
- Cobourg
- Collingwood
- Cornwall
- Erin
- Kawartha Lakes
- Malahide
- Mapleton
- Middlesex Centre
- Mono
- Muskoka District
- Perth (Town)
- Petawawa
- Pickering
- Port Burwell Area Secondary Water Supply System
- Southgate
- St. Thomas
- Timmins

Pre-Provincial Municipal Infrastructure Strategy (2009-2013):

- Bayham
- Brantford
- Clarence-Rockland
- Collingwood
- Kawartha Lakes - Transportation and Fleet
- Kearney
- Lincoln - Facilities
- Malahide
- South Huron

PSAB 3150: Tangible Capital Assets

For years, municipalities have invested significantly in infrastructure and other municipal assets with the objective of maintaining or enhancing community service levels. These assets (referred to as “tangible capital assets”) include linear assets (roadways, water and sewer systems), land, facilities, equipment, and vehicles all used by municipalities in their day-to-day operations. In the past, when these assets were acquired or constructed, the funds expended would appear on the municipality’s financial statements as an expense for that particular year.



With the introduction of new reporting requirements as per section 3150 of the Public Sector Accounting Board (PSAB) Handbook, municipalities will be required to report tangible capital assets as assets (versus expenses) on the financial statements. In comparison to the previous approach, financial statements will not only show how much has been spent on tangible capital assets, but also how much they have amortized (or decreased in value) since construction/acquisition. PSAB 3150 also requires the disclosure of contributed assets, such as linear assets constructed by developers and dedicated to a municipality as part of a development agreement.

Watson & Associates has been assisting municipalities in becoming compliant with the new PSAB 3150 requirements, which has been labeled as the greatest change in municipal accounting in decades. In conjunction with becoming compliant, it is important for municipalities to ensure a

solid inventory and PSAB 3150 policy is established to ensure that a foundation exists to maintain compliance over the long term. As well and perhaps more importantly, municipalities should consider developing database and financial planning policies which facilitate long-term asset management practices to be used in budgeting and capital forecasting.

Watson & Associates Economists Ltd. has developed policies and approaches to address both historic reporting for PSAB and future financial planning for asset management purposes and is involved in their application.

Our specialists in this area include:

Gary Scandlan,
Director

Dan Wilson,
Director

Amy Vesprini,
Consultant

Andrew Grunda,
Principal

Greg Beal,
Senior Consultant

Experience in PSAB 3150 Studies, 2006-2014

- Ajax – Ad hoc PSAB 3150 Compliance Assistance
- Bayham – 3-Phase PSAB 3150
- Brantford – PSAB 3150 Calculations and Analysis: Water, Wastewater and Storm Assets
- Brantford - PSAB 3150 Calculations and Analysis: Right of Way Assets
- Central Elgin – 3-Phase PSAB 3150
- Centre Wellington – PSAB 3150 for Transportation, Water and Wastewater Assets
- Clarence-Rockland – 3-Phase PSAB 3150
- Cobourg – PSAB 3150 Compliance and Update – 2009, 2010 & 2011
- East Gwillimbury – PSAB 3150 Compliance
- Erin – PSAB 3150 Compliance
- Grimsby – PSAB 3150 Compliance
- Guelph/Eramosa – PSAB 3150 Compliance and Update - 2009
- Halton Region – Facilities Historical Cost Valuation
- Halton Region – PSAB 3150 Strategy and Asset Hierarchy
- Halton Region – Full Accrual Financial Statement Conversion
- Hamilton – Water/Wastewater PSAB 3150 Assistance
- Ingersoll – PSAB 3150 Compliance and Update – 2009
- Kearney – 3-Phase PSAB 3150
- Kincardine – PSAB 3150 Compliance and Policies
- King – PSAB 3150 Compliance
- Lambton Shores – PSAB 3150 Compliance and Updates – 2009, 2010 & 2011
- LAWSS – PSAB 3150 Compliance
- Lincoln – Facility Valuation
- Malahide – 3-Phase PSAB 3150
- Meaford – PSAB 3150 Compliance and Update – 2009 & 2010
- Mono – PSAB 3150 Compliance and Update – 2009
- Municipal Finance Officers Association – Historical Cost Deflator Study
- Niagara Falls – PSAB 3150 Readiness Plan
- Parry Sound – PSAB 3150 Compliance and Update - 2009

Experience in PSAB 3150 Studies, 2006-2014 (continued)

- Point Edward – PSAB 3150 Compliance and Updates – 2009, 2010 & 2011
- Prince Edward County – PSAB 3150 Policies and Procedures
- Quinte West – PSAB 3150 Policy and Procedures and Ad Hoc Compliance Assistance
- Renfrew – PSAB 3150 Compliance
- Shelburne – PSAB 3150 Compliance
- South Huron – 3-Phase PSAB 3150
- Thames Centre – PSAB 3150 Compliance and Updates – 2009, 2010 & 2011
- Warwick – PSAB 3150 Compliance and Updates – 2009 & 2010
- Wasaga Beach – PSAB 3150 Compliance and Update – 2009
- West Lincoln – PSAB 3150 Compliance and Update – 2009
- Whitchurch-Stouffville – PSAB 3150 Compliance and Update – 2009
- Windsor Water Utilities – PSAB 3150 Calculations and Analysis: Water Assets
- Woolwich – PSAB 3150 Compliance and Updates – 2009, 2010 & 2011
- York Region – PSAB 3150 Policies and Procedures

Staff Resources

DAN WILSON, BBA, CPA, CA
DIRECTOR

EDUCATION

- | | |
|------|---|
| 2012 | Chartered Professional Accountant (CPA) Designation, Institute of Chartered Accountants of Ontario. |
| 2004 | Chartered Accountant (CA) Designation, Institute of Chartered Accountants of Ontario. |
| 2000 | Honours Bachelor of Business Administration Degree, Wilfrid Laurier University. |

EMPLOYMENT HISTORY

- | | |
|---------|---|
| 2006 | Joined Watson & Associates Economists Ltd. as a Senior Consultant progressing to Manager, Municipal Finance and to his current responsibilities as Director. Participating in a variety of PSAB 3150 compliance, asset management, development charge, municipal finance, water and wastewater rate, and development approvals process user fee studies. |
| 2006 | Director of Finance & Treasurer with the Township of Woolwich, Finance Department. Responsible for the day-to-day operation of the Finance Department. Areas of responsibility included property taxation, receivables/payables, payroll, purchasing, budgeting, and financial reporting/analysis, and financial policy setting. A member of the Township's Senior Management Team. |
| 2004-05 | Financial Manager/Deputy Treasurer with the Township of Centre Wellington, Finance Department. Responsible for Township budgeting, general ledger activity, year-end procedures, as well as financial analysis, reporting, and policy. Other various duties included the preparation of the annual financial statements and Financial Information Returns (FIR). A member of the Township's Senior Management Team. |
| 2003-04 | Budget Analyst with the Township of Centre Wellington, Finance Department. Responsibilities included preparing annual operating and capital budgets, performing multiple year forecasts, year-end audit preparation, and financial reporting and policy setting. A member of the Township's Senior Management Team. |
| 1999-03 | Senior Staff Accountant with BDO Dunwoody, Chartered Accountants. Responsible for auditing various public entities (municipalities, school boards, hospitals, co-op housing entities), as well as medium and small sized private corporations (hydro utilities, manufacturing and service corporations). Other responsibilities included preparation of financial statements and corporate tax returns, control and risk testing, and cash flow and budgeting analysis. |

Dan Wilson is a Director with Watson & Associates Economists Ltd. and is involved in studies related to Local Government Finance, Financial Operations and Policy, and Long Term Infrastructure Planning.

Currently, he is involved in various water and wastewater studies to provide municipalities with full cost recovery water and wastewater financial plans, as required under Bill 175, *Sustainable Water and Sewage Systems Act*. Mr. Wilson is involved in numerous development applications approvals process user fee studies to provide municipalities with full cost recovery for *Planning Act*, *Building Code Act*, and *Municipal Act* mandated services. In addition, he is involved in projects relating to municipal financial planning and reporting, including tangible capital assets, as mandated by the Public Sector Accounting Board (PSAB).

Staff Resources

ANDREW GRUNDA, M.B.A., CMA
PRINCIPAL

EDUCATION

- 2005 Designated Certified Management Accountant (CMA).
- 2005 Masters of Business Administration from the Wilfrid Laurier University.
- 1996 Bachelor of Business Administration Degree, from Brock University.

EMPLOYMENT HISTORY

- March, 2012 Appointed Principal of Watson & Associates Economists Ltd. and carries co-responsibility for the firm's municipal sector practice.
- 1996-Feb. 2012 Joined Watson & Associates Economists Ltd. (formerly C.N. Watson and Associates Ltd.) as a Research Analyst progressing to his current responsibilities as Director, participating in a variety of development charge, development applications approvals process user fee, municipal restructuring, municipal finance, water and wastewater rate and market studies.
- 1995-96 Budget Clerk with the Regional Municipality of Hamilton-Wentworth, Finance Department. Responsibilities included assisting on the Peer Review of the Constituent Assembly's Report on Municipal Reform. Job duties included monitoring of budgetary exception control systems, account analysis and reconciliations.

Andrew Grunda is a Director with Watson & Associates and is involved in studies related to Local Government Finance, Financial Operations and Policy, and Long Term Infrastructure Planning. He is presently a member of the firm's senior management group, which develops interpretations of legislative requirements, as well as methodologies and formats and determines alternative policy strategies for all facets of the corporate assignments.

In his 17-year career at Watson & Associates, he has undertaken numerous development charge studies, development applications approvals process user fee reviews, fiscal impact modelling and life cycle replacement and financing plans for water and sewer infrastructure for several municipalities. With respect to development charge studies, Mr. Grunda has been study director for a number of policy studies in smaller urban municipalities (i.e. Whitchurch-Stouffville, St. Thomas, Port Hope, Cobourg, Woolwich, Mono, etc.).

He has been involved in numerous water and wastewater rate studies, undertaking to provide municipalities with full cost recovery water and wastewater financial plans, as required under Bill 175, *Sustainable Water and Sewage Systems Act*. Mr. Grunda has undertaken workshops with regard to Bill 175 on behalf of ACMTO and other municipal organizations.

Recently, he is involved in numerous development applications approvals process user fee studies, undertaking to provide municipalities with full cost recovery user fees for *Planning Act*, *Building Code Act* and *Municipal Act* mandated services. These studies are being undertaken by municipalities to address the increased cost justification for user fees as required under Bill 124, *Building Code Statute Law Amendment Act*. Mr. Grunda has undertaken workshops on behalf of the AMCTO and MFOA, with regard to Bill 124.



Staff Resources

AMY VESPRINI, B.Comm.(Hon)
CONSULTANT

EDUCATION

- 2011 First Aid, CPR Level A and AED
- 2011 WSIB - Certification Parts I and II - Offices
- 2004 Taking courses towards the attainment of a Certified General Accountant Designation
- 2002-04 Bachelor of Commerce Honours from the University of Windsor
- 1999-02 Business Administration – Accounting (3 Yr.) Diploma from Conestoga College

EMPLOYMENT HISTORY

- 2006 Joined Watson & Associates Economists Ltd. (formerly C.N. Watson and Associates Ltd.) as a Research Analyst progressing to her current responsibilities as Consultant, assisting on both municipal and education-related projects.
- 2004-06 Administrative Assistant, AMI Business Solutions, Kitchener, Ontario, responsible for the accounting and other office-related duties for AMI Business Solutions and two other companies owned by AMI Business Solutions.

Amy is a Consultant with Watson & Associates Economists Ltd. specializing in Municipal Finance. Since joining the firm in 2006, Amy has participated in numerous PSAB 3150, Ontario Regulation 453/07 Financial Plan, Asset Management Plan, Development Charge, Water and Wastewater Rate and Development Applications Approval Process studies. In addition, Amy has worked on various education-related studies.

Amy has been a member of the firm's Joint Health and Safety Committee since its inauguration in 2010; her term ended August, 2014. With an educational and practical background in business administration and accounting, Amy possesses a strong analytical and detail-oriented skill set.

Staff Resources

**PETER SIMCISKO, BA (Hons.), MBE
ANALYST**

EDUCATION

- 2014 Brock University
Master of Business Economics
- 2012 Brock University
Bachelor of Arts (Honours), Economics. Graduated with first-class standing.

EMPLOYMENT HISTORY

- 2013 Joined Watson & Associates Economists Ltd. as Consulting Support progressing to his current responsibilities as an Analyst, participating in various development charge studies, development application approval process user fee studies, and asset management plans.
- 2011-13 Research Assistant to Dr. Mohammed H.I. Dore at Brock University, Department of Economics. Contributed to various research projects in the field of municipal water treatment by collecting data and performing statistical analyses. Co-authored a published literature review of climate change projections for Canada.

Peter is an Analyst with Watson & Associates Economists Ltd. specializing in the area of Municipal Finance. Since joining the firm in 2013, Peter has participated in numerous development charge studies and assisted with the preparation of various municipal asset management plans. More recently he has also been involved with the modelling aspects of development approval process user fee studies.

Coming from a background in economics, Peter possesses a strong analytical skill set. Working in the environment of academic research helped further enhance his analytical and data modelling skills. He recently presented one of his projects, which analyzed the economic feasibility of utilizing renewable energy sources at public water utilities, at the Canadian Energy and Water Efficiency Conference in Calgary.



Appendix E – Schedule

City of London Assetic Outcome Based Project Plan							
ID	Task Mode	Task Name	Duration	Start	Finish	Predecessor	Resource Names
1		City of London Phase One Project Plan	97 days	Wed 4/1/15	Thu 8/13/15		
2		Project and Integration Scoping	7 days	Wed 4/1/15	Thu 4/9/15		
3		Initial workshop to refine plan for stage one	1 day	Wed 4/1/15	Wed 4/1/15		CoL Project Manager,Assetic Project Director,Assetic Project Lead,CoL Asset Data Officer ,CoL Asset Lead ,CoL Finance Manager
4		Consolidate findings and finalise project plan for sign off	4 days	Thu 4/2/15	Tue 4/7/15	3	Assetic Project Lead,Assetic Project Director
5		Project plan review and approved	2 days	Wed 4/8/15	Thu 4/9/15	4	CoL Finance Manager,CoL Project Manager
6							
7		Stage 1 - Asset Register Development	76 days	Wed 4/1/15	Wed 7/15/15		
8		Asset Data Migration	31 days	Fri 4/10/15	Fri 5/22/15		
9		Inventory Asset data provided for all active assets from CoL	3 days	Fri 4/10/15	Tue 4/14/15	5FF+3 days	Project Manager
10		Road and Structures Data Migration	15 days	Wed 4/15/15	Tue 5/5/15		
11		Data Consolidation Into Segment / Component Format for Assetic Templates	10 days	Wed 4/15/15	Tue 4/28/15	9	Assetic Asset Data Specialist 1,CoL Asset Data Officer ,CoL Asset Lead
12		Condition Data consolidation and assignment against new road asset formats	2 days	Wed 4/29/15	Thu 4/30/15	11	Assetic Asset Data Specialist 1,CoL Asset Data Officer ,CoL Asset Lead
13		Pre-Load Data Quality Review - Duplicates / Missing / Asset Values	1 day	Fri 5/1/15	Fri 5/1/15	12	Assetic Asset Data Specialist 1,CoL Asset Data Officer ,CoL Asset Lead
14		Data Load and review in Assetic Test Environment	1 day	Mon 5/4/15	Mon 5/4/15	13	Assetic Asset Data Specialist 1,Assetic Valuations Specialist
15		Initial Inventory in Assetic	1 day	Tue 5/5/15	Tue 5/5/15	14	CoL Project Manager
16		Traffic Asset Data Migration	7 days	Wed 5/6/15	Thu 5/14/15		
17		Data Consolidation Into Format Using Assetic Templates	3 days	Wed 5/6/15	Fri 5/8/15	15	Assetic Asset Data Specialist 1,CoL Asset Data Officer ,CoL Asset Lead
18		Condition Data Consolidation and assignment against footpath assets	1 day	Mon 5/11/15	Mon 5/11/15	17	Assetic Asset Data Specialist 1,CoL Asset Data Officer ,CoL Asset Lead
19		Pre-Load Data Quality Review - Duplicates / Missing / Asset Values	1 day	Tue 5/12/15	Tue 5/12/15	18	Assetic Asset Data Specialist 1,CoL Asset Data Officer ,CoL Asset Lead
20		Data Load and review in Assetic Test Environment	1 day	Wed 5/13/15	Wed 5/13/15	19	Assetic Asset Data Specialist 1,Assetic Valuations Specialist
21		Initial Inventory in Assetic	1 day	Thu 5/14/15	Thu 5/14/15	20	CoL Project Manager
22		Parking Asset Data Migration	7 days	Wed 4/15/15	Thu 4/23/15		
23		Data Consolidation Into Format Using Assetic Templates	4 days	Wed 4/15/15	Mon 4/20/15	9	Assetic Asset Data Specialist 2,CoL Asset Data Officer ,CoL Asset Lead
24		Pre-Load Data Quality Review - Duplicates / Missing / Asset Values	1 day	Tue 4/21/15	Tue 4/21/15	23	Assetic Asset Data Specialist 2,CoL Asset Data Officer ,CoL Asset Lead
25		Data Load and review in Assetic Test Environment	1 day	Wed 4/22/15	Wed 4/22/15	24	Assetic Valuations Specialist,Assetic Asset Data Specialist 2
26		Initial Inventory in Assetic	1 day	Thu 4/23/15	Thu 4/23/15	25	CoL Project Manager
27		Recreation Asset Data Migration	7 days	Fri 4/24/15	Mon 5/4/15		
28		Data Consolidation Into Format Using Assetic Templates	4 days	Fri 4/24/15	Wed 4/29/15	26	Assetic Asset Data Specialist 2,CoL Asset Data Officer ,CoL Asset Lead

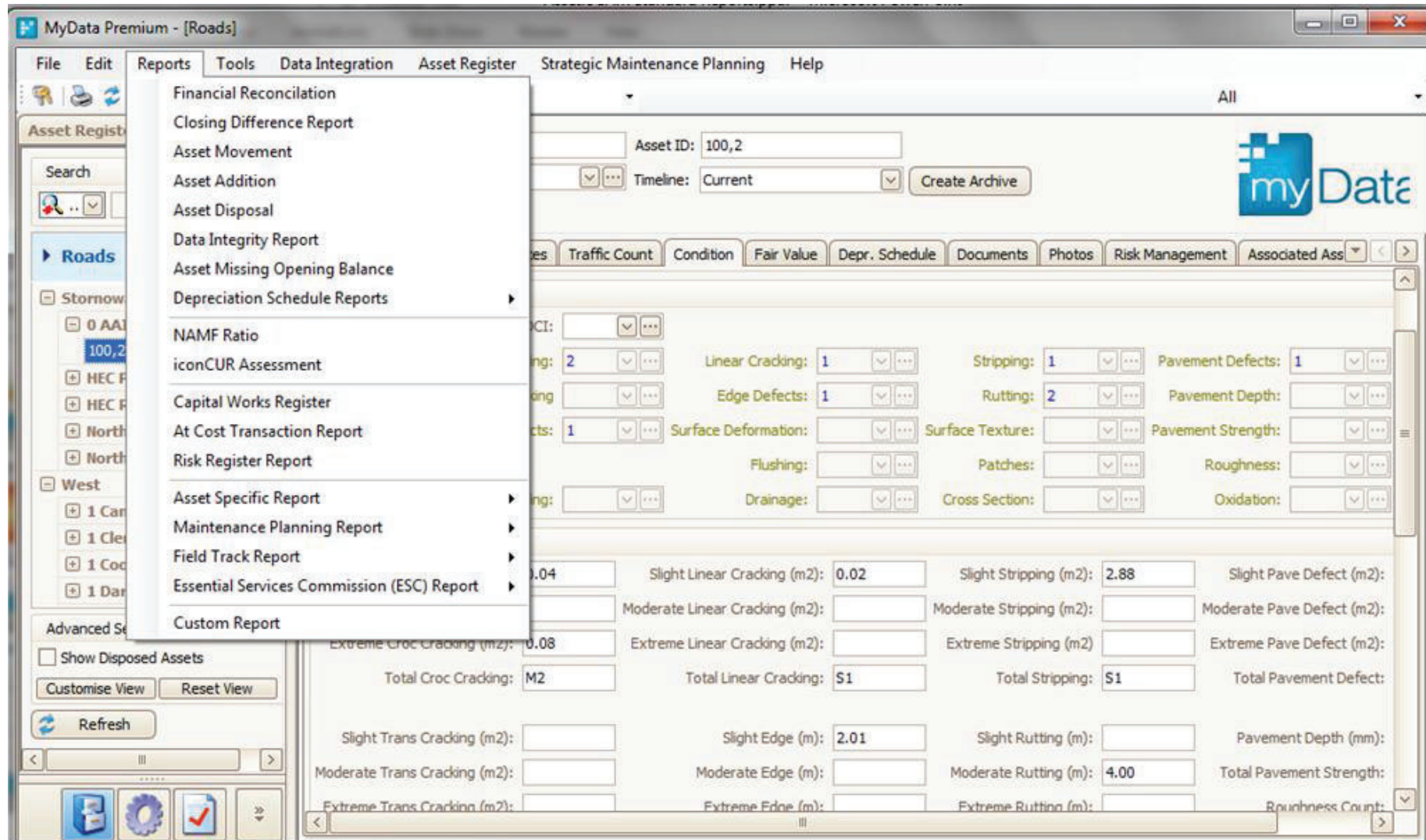
City of London Assetic Outcome Based Project Plan							
ID	Task Mode	Task Name	Duration	Start	Finish	Predecessor	Resource Names
29		Pre-Load Data Quality Review - Duplicates / Missing / Asset Values	1 day	Thu 4/30/15	Thu 4/30/15	28	Assetic Asset Data Specialist 2,CoL Asset Data Officer ,CoL Asset Lead
30		Data Load and testing / valuation review in Assetic Test Environment	1 day	Fri 5/1/15	Fri 5/1/15	29	Assetic Valuations Specialist,Assetic Asset Data Specialist 2
31		Initial Inventory in Assetic	1 day	Mon 5/4/15	Mon 5/4/15	30	CoL Project Manager
32		Parks Asset Data Migration	7 days	Tue 5/5/15	Wed 5/13/15		
33		Data Consolidation Into Format Using Assetic Templates	4 days	Tue 5/5/15	Fri 5/8/15	31	Assetic Asset Data Specialist 2,CoL Asset Data Officer ,CoL Asset Lead
34		Pre-Load Data Quality Review - Duplicates / Missing / Asset Values	1 day	Mon 5/11/15	Mon 5/11/15	33	Assetic Asset Data Specialist 2,CoL Asset Data Officer ,CoL Asset Lead
35		Data Load and testing / valuation review in Assetic Test Environment	1 day	Tue 5/12/15	Tue 5/12/15	34	Assetic Valuations Specialist,Assetic Asset Data Specialist 2
36		Initial Inventory in Assetic	1 day	Wed 5/13/15	Wed 5/13/15	35	CoL Project Manager
37		Urban Forestry Data Migration	7 days	Thu 5/14/15	Fri 5/22/15		
38		Data Consolidation Into Format Using Assetic Templates	4 days	Thu 5/14/15	Tue 5/19/15	36	Assetic Asset Data Specialist 2,CoL Asset Data Officer ,CoL Asset Lead
39		Pre-Load Data Quality Review - Duplicates / Missing / Values	1 day	Wed 5/20/15	Wed 5/20/15	38	Assetic Asset Data Specialist 2,CoL Asset Data Officer ,CoL Asset Lead
40		Data Load and testing / valuation review in Assetic Test Environment	1 day	Thu 5/21/15	Thu 5/21/15	39	Assetic Valuations Specialist,Assetic Asset Data Specialist 2
41		Initial Inventory in Assetic	1 day	Fri 5/22/15	Fri 5/22/15	40	CoL Project Manager
42		Facilities Asset Data Migration	6 days	Fri 5/15/15	Fri 5/22/15		
43		Data Consolidation Into Format Using Assetic Templates	3 days	Fri 5/15/15	Tue 5/19/15	21	CoL Asset Data Officer ,CoL Asset Lead ,Assetic Asset Data Specialist 1
44		Pre-Load Data Quality Review - Duplicates / Missing / Values	1 day	Wed 5/20/15	Wed 5/20/15	43	CoL Asset Data Officer ,CoL Asset Lead ,Assetic Asset Data Specialist 1
45		Data Load and testing / valuation review in Assetic Test Environment	1 day	Thu 5/21/15	Thu 5/21/15	44	Assetic Valuations Specialist,Assetic Asset Data Specialist 1
46		Initial Inventory in Assetic	1 day	Fri 5/22/15	Fri 5/22/15	45	CoL Project Manager
47							
48		Asset Updates - Disposals and Additions Provided to Assetic	44 days	Wed 4/1/15	Mon 6/1/15		
49		Extract of all changes processed in CoL systems for assetic	3 days	Wed 4/1/15	Fri 4/3/15		CoL Asset Data Officer ,CoL Asset Lead
50		Assetic updates all Asset classes with changes	5 days	Mon 5/25/15	Fri 5/29/15	46	Assetic Asset Data Specialist 1,CoL Asset Data Officer
51		Jan 1 2015 Inventory In Assetic	1 day	Mon 6/1/15	Mon 6/1/15	50	Assetic Asset Data Specialist 1,CoL Asset Data Officer ,Assetic Project Lead
52							
53		PSAB and Replacement Asset Valuation Update and Register Sign Off	22 days	Tue 6/2/15	Wed 7/1/15		
54		CoL provides reported asset financial data for 2014	2 days	Tue 6/2/15	Wed 6/3/15	48	CoL Project Manager
55		Asset financial data updates for all asset classes	15 days	Thu 6/4/15	Wed 6/24/15	54	Assetic Valuations Specialist

City of London Assetic Outcome Based Project Plan							
ID	Task Mode	Task Name	Duration	Start	Finish	Predecessor	Resource Names
56		Review and Sign Off June 2014 Financial Asset Register In Assetic	5 days	Thu 6/25/15	Wed 7/1/15	55	Assetic Valuations Specialist,CoL Project Manager
57							
58		System Custodian Training in test environment	2 days	Mon 7/6/15	Tue 7/7/15	53	
59		Asset Lead and Data Officer Training in Assetic Asset Data Management	2 days	Mon 7/6/15	Tue 7/7/15	56FS+2 days	Assetic Asset Data Specialist 1,CoL Asset Lead
60							
61		Migrate Test Environment to Production	3 days	Fri 7/10/15	Tue 7/14/15		
62		Migrate test environment to production and test data structures and user accesses / permissions	2 days	Fri 7/10/15	Mon 7/13/15	59FS+2 days	Assetic Asset Data Specialist 1,CoL Asset Data Officer ,Assetic Technical Specialist
63		Sign Off and Go - Live - Stage One Asset Structures In Production	1 day	Tue 7/14/15	Tue 7/14/15	62	CoL Project Manager,Assetic Project Lead
64							
65		All Asset Classes Stage One Live in Assetic Production Environment	1 day	Wed 7/15/15	Wed 7/15/15	63	
66							
67		Stage 2 - AssetCloud Configuration	10 days	Wed 4/1/15	Tue 4/14/15		
68		Setup Asset Cloud with available Asset Classes	7 days	Wed 4/1/15	Thu 4/9/15		CoL GIS Officers,CoL GIS Team Leader
69		Train the trainer / System Custodian in AssetCloud	3 days	Fri 4/10/15	Tue 4/14/15	68	Assetic GIS Specialist,CoL Project Manager,CoL GIS Officers,CoL GIS Team Leader
70							
71		Stage 3 - Prediction Modelling Enablement - First Asset Class	94 days	Wed 4/1/15	Mon 8/10/15		
72		Long Term Financial Plan & Predictive Modelling	94 days	Wed 4/1/15	Mon 8/10/15		
73		Initial Strategic asset management Workshop	2 days	Wed 4/1/15	Thu 4/2/15		CoL Operations Team Leader,CoL Operations Officers,Assetic Project Lead,A
74		Clean up of data specific to the Asset Management Strategy (First asset class)	10 days	Thu 7/16/15	Wed 7/29/15	65FF+10 days	CoL Asset Data Officer ,Assetic Project Lead,CoL Asset Lead
75		Draft AM strategy workshop and review of other class data for AM strategy inclusion and modelling	3 days	Thu 7/30/15	Mon 8/3/15	74	Assets Team Leader[40%],Finance Officer[20%],CoL GIS Officers[10%],CoL Finance Manager[10%],Assetic Strategic Specialist[10%]
76		Council workshop : Present the Long Term Financial Planning model and the AM strategy	2 days	Tue 8/4/15	Wed 8/5/15	75	CoL Finance Manager[40%],Assetic Project Lead,Assetic Strategic Specialist[40%],CoL Asset Lead ,CoL Project Manager
77		Training Council staff : myPredictor first asset class	3 days	Thu 8/6/15	Mon 8/10/15	76	Assetic Project Lead,Assetic Migration and Modelling Specialist[40%],CoL As
78							
79		Integration Options	0 days	Wed 6/11/14	Wed 6/11/14		
82							



Appendix F – Assetic Standard Reports

Assetic in-built reporting facility



Assetic in-built reporting facility

The screenshot shows the 'myPredictor Report Viewer' application window. At the top, there are 'Clear Cache' and 'View Report' buttons. Below is a table with columns for 'General', 'Simulation', 'Year', 'Component', 'Data', and 'Model'. The 'Template: Bridges' section is expanded, showing two rows of data:

General	Simulation	Year	Component	Data	Model
Template: Bridges					
Timber bridges -- Target LoS 3		15	Timber Bridge data		Timber Bridge Model
Concrete bridges- target LoS 2.5		15	Concrete Bridge data		Concrete Bridge Model

To the right of the table is a dropdown menu for 'Annuity and Pricing' with the following options:

- Annuity and Pricing
- Backlog Funding Report (Schedule 7)
- Life Cycle Capital Funding Profile (NAMF 4.4)
- Capital Works Program
- Simulation Export
- Capital Works Schedule
- Service Level Analysis (NAMF 4.4)
- Asset Life Cycle
- Funding Distribution Analysis (LTFF)
- Budget Distribution Comparison
- Net Present Comparison
- Service Level Comparison
- Year Level Comparison
- Community Consultation Comparison

At the bottom left, there is a checked checkbox, and at the bottom right, there is an 'Edit Filter' button.

Annual Financial Reconciliation Report

Financial Reconciliation (30/06/2013)

Asset Id Asset Name Asset Zone Asset Class Financial Class Financial Sub Class GL Number FAR Number FA Class FA Sub Class Project Code Cost Centre

Depreciation Number

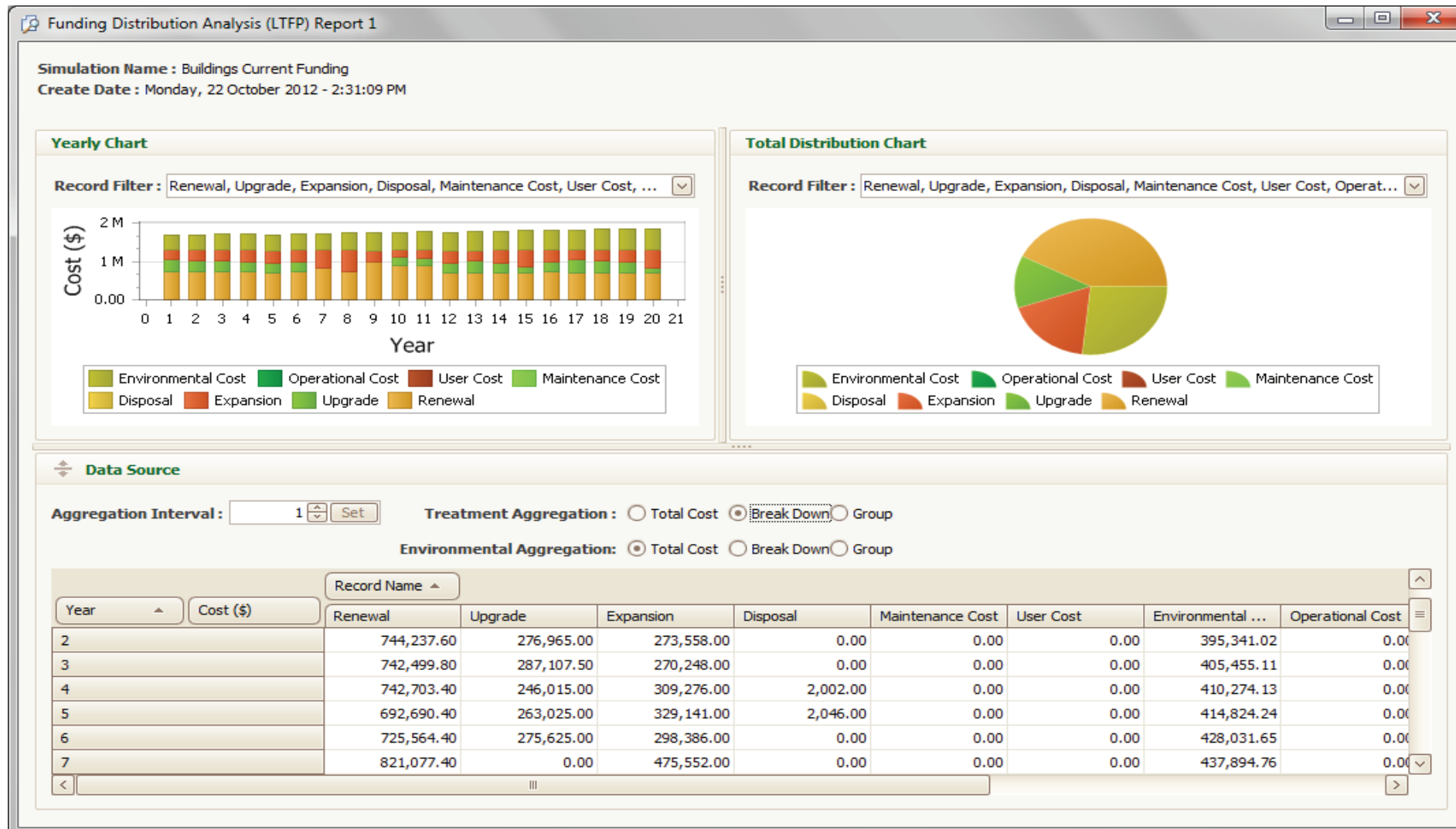
Value Value Type Value Sub Type

Catag...	Component ...	Replacement Value				Accumulated Depreciation						
		Opening Balance	Addition	Closing Balance	Post Closing Bal...	Opening Balance	Addition	Adjustments	Depreciation Ex...	Closing Balance	Post Cl...	
<input type="checkbox"/>	Roads	Pavement Base	\$374,336.64	\$101,957,614.98	\$102,331,951.62	\$102,331,951.62	\$89,855.44	\$50,325,257.51	\$5,347.67	\$1,359,434.87	\$51,779,895.49	\$51,779,
		Surface	\$97,779.31	\$23,258,164.03	\$23,355,943.34	\$23,355,943.34	\$4,905.71	\$11,070,731.56	\$6,111.21	\$1,659,596.51	\$12,741,344.99	\$12,741,
		Roads Total	\$472,115.95	\$125,215,779.01	\$125,687,894.96	\$125,687,894.96	\$94,761.15	\$61,395,989.08	\$11,458.87	\$3,019,031.38	\$64,521,240.48	\$64,521,
<input type="checkbox"/>	Sewer Mains	Sewer Mains	\$9,979,170.89		\$9,979,170.89	\$9,979,170.89	\$2,115,381.13		\$0.00	\$153,676.17	\$2,269,057.31	\$2,269,
<input type="checkbox"/>	Sewer Pump	Sewer Pump	\$19,096,195.53		\$19,096,195.53	\$19,096,195.53	\$2,172,952.48		\$0.00	\$292,994.87	\$2,465,947.35	\$2,465,
<input type="checkbox"/>	Storage Stru...	Storage Structu...	\$30,944,300.00		\$30,944,300.00	\$30,944,300.00	\$490,601.23		\$0.00	\$93,524.02	\$584,125.25	\$584,
<input type="checkbox"/>	Water Mains	Pipe	\$3,086,317.75		\$3,086,317.75	\$3,086,317.75	\$384,807.73		\$0.00	\$24,674.11	\$409,481.84	\$409,
<input type="checkbox"/>	Water Plant ...	Water Plant an...	\$749,200.00		\$749,200.00	\$749,200.00	\$58,001.12		\$0.00	\$7,708.27	\$65,709.39	\$65,
<input type="checkbox"/>	Water Pump ...	Water Pump St...	\$282,500.00		\$282,500.00	\$282,500.00	\$59,823.07		\$0.00	\$8,420.00	\$68,243.07	\$68,
<input type="checkbox"/>	Water Reser...	Water Reservoirs	\$1,932,500.00		\$1,932,500.00	\$1,932,500.00	\$652,600.60		\$0.00	\$53,145.33	\$705,745.94	\$705,
		Grand Total	\$66,542,300.12	\$125,215,779.01	\$191,758,079.13	\$191,758,079.13	\$6,028,928.51	\$61,395,989.08	\$11,458.87	\$3,653,174.16	\$71,089,550.62	\$71,089,

Number of decimal places: 2

Export Close

Asset Funding Distribution report



Community Consultation report



Risk Register report

Risk Register Report

Category ▾

Asset ID	Asset Name	Segment	Hierarchy	
Category: Sewer Mains				
45673				
Risk ID	Risk Name	Status	Likelihood	Consequence
25	Total failure due Deterioration		4 - Likely	3 - Moderate
Category: Sewer Pump				
214406	BO01 WTP - Backwash Pump System	BO01 WTP - Backwash Pump 1		
Risk ID	Risk Name	Status	Likelihood	Consequence
21	Electrical fault - due to very old...	Open	4 - Likely	4 - Major
Category: Sewer Pump Stations				
301	BU01 SPS	BU01 SPS		
Risk ID	Risk Name	Status	Likelihood	Consequence
22	Discharge to the environment	Open	3 - Possible	3 - Moderate
23	Electrical fault - Ageing equipo...	Open	4 - Likely	4 - Major
Category: Sewer Treatment Facility				
89	BU STP	Bulahdelah Sewer Treatment Plant		
Risk ID	Risk Name	Status	Likelihood	Consequence
24	Discharge to environment from ...	Open	3 - Possible	3 - Moderate
27	System failure due to inundation		2 - Unlikely	4 - Major

Keywords: Enable search

NAMF Ratio report

NAMF Ratio Report (30/06/2010)

Valuation					User Inputs			Ratios					
Asset Category	Replacement Value	Depreciable Amount	Annual Depreciation	Written Down Value	Average Annual Planned Renewal	Average Annual Planned Upgrade	Average Annual Desired Renewal	Asset Sustain... Ratio	Asset Renewal Funding...	Remaining Service Potential Index	Average Annual Asset Consum...	Average Annual Renewal Ratio	Average Annual Upgrade Ratio
▶ Sealed Roads	\$521,492,006.95	\$521,492,006.95	\$12,654,074.43	\$251,352,183.46	\$13,909,000.00	\$9,500,000.00	\$15,300,000.00	109.92 %	90.91 %	48.20 %	2.43 %	2.67 %	1.82 %
Bridges	\$14,521,644.75	\$14,521,644.75	\$167,204.17	\$10,642,216.46	\$90,000.00	\$75,000.00	\$123,000.00	53.83 %	73.17 %	73.29 %	1.15 %	0.62 %	0.52 %

Edit Expression Conditions Export Close

Detailed Level 2 condition assessment reporting of an asset component

Level 2 Assessment

Assessment Characteristics

Assessment ID: 9 Rater: [] Rating Date: 17/12/2012

Comments: []

Component Details

Location: [] Component Group: Structure Component Type: Roof Component: Fixtures Sub Component: Skylights

Material: [] Useful Life (Yrs): 40 URR (\$): 466.00 Unit: number Photo Link: []

Condition/Replacement Details **Penetrations**

Measurements

Length: [] Width: [] Gross Area: [] Net Area: [] Quantity: 5.00

Measure: 5.00 GRC (\$): 2,330.00 Degradation Profile: Assetic BM RUL pro... Safety: 3 Appearance: 3

Note

Only if the component is replaceable by portions enter separate condition status. Otherwise enter average condition in the corresponding condition Box.

Condition and Replacement Details

	Condition %	RUL (Yrs)	Replacement Year	Replacement Cost (\$)
Condition 6:	[]	[]	[]	[]
Condition 5:	[]	[]	[]	[]
Condition 4:	[]	[]	[]	[]
Condition 3:	100	24.80	2037	2,330.00
Condition 2:	[]	[]	[]	[]
Condition 1:	[]	[]	[]	[]
Condition 0:	[]	[]	[]	[]

OCI Calculations

OCI: 3.00 24.80 2037 2,330.00

OK Cancel

Level 2 condition assessment of assets

The screenshot displays the MyData Premium interface for asset management. The main window shows the 'Level 2 Assessment' tab for asset 'BL00011' (Courthouse & Public Toilets) in the 'Corangamite' zone. The interface includes a sidebar with a tree view of assets, a search bar, and a main data table. The table lists various components and their condition ratings.

Sub Component	OCI	Replacement Year	Replacement Value	Appearance	Safety	Rating Date
Component Group: Externals						
Component Group: Interior						
Component Group: Services						
Component Type: Electrical						
Component Type: Fire						
Component Type: Mechanical						
Component Group: Structure						
Component Type: Floor						
Component Type: Roof						
Component: Cladding						
Component: Downpipes						
Component: Fascia						
Component: Fixtures						
Skylights	3	2037	2330	3	3	17/12/2012
Ornate Railings	4	2026	782	4	4	17/12/2012
Component: Flashings						
Component: Gutters						

Level 2 Detailed annual works program

Advanced Asset Search(Current Profile [Coramgamite Level 2 works program]) (Pivot Report)

Pivot Fields Customization | Pivot View Customisation | Chart Integration Customization

Fields Settings

Item Fields: KPI Graphics: Cell format Type:
 Summary Type: Count Display Type: Cell format:
 Show Top #: 0 Show Others:
 Group Interval Type: Numerical Interval Value: 0
 Custom Total: Add Remove all

Column Customization

Show Column Customization
Add Expression Field

Replacement Cost of the asset

Drop Column Fields Here

Replacem...	Asset Name	Componen...	Component Type	Component	OCI	Replacement Cost of th...
2017	Leura Street Toilet Block	Interior Total				\$2,355.00
	Public Toilet	Interior	Ceilings	Paint	3	\$648.00
			Fitouts & Fittings	Sharps Disposal	3	\$2,400.00
				Toilet Roll Holder	3	\$420.00
			Fitouts & Fittings Total			\$2,820.00
			Walls	Paint	3	\$1,680.00
		Interior Total				\$5,148.00
	Tandarook Park Toilet Block	Interior	Walls	Paint	3	\$651.00
	Victoria Street Toilet Block	Interior	Ceilings	Paint	3	\$384.00
			Fitouts & Fittings	Toilet Roll Holder	3	\$126.00
		Interior Total				\$510.00
	Apex Park Toilet Block	Interior	Fitouts & Fittings	Toilet Roll Holder	3	\$252.00
	Caravan Park	Interior	Ceilings	Fixtures	3	\$600.00
				Paint	3	\$1,836.00
		Ceilings Total				\$2,436.00
		Fitouts & Fittings	Toilet Roll Holder		3	\$336.00
			Washing Machine		3	\$6,900.00
		Fitouts & Fittings Total				\$7,236.00
		Kitchen Fitouts	Cooking		3	\$800.00
		Walls	Paint		3	\$4,137.00

Export Pivot Report Close

Level 2 buildings works program reporting

Advanced Asset Search(Current Profile [Coramgamite Level 2 works pro...]

Pivot Fields Customization Pivot View Customisation Chart Integration Customization

Fields Settings

Item Fields: [] KPI Graphics: []

Summary Type: Count [] Display Type: []

Show Top #: [] 0 [] Show Others: []

Group Interval Type: [] Numerical Interval Value: []

Custom Total: [] [Add] [Remove all]

Replacement Cost of the asset

Drop Column Fields Here

Replacem...	Asset Name	Replacement Cost of th...
2014	Public Toilet	\$636.00
	Main Public Toilets	\$1,200.00
	Simpson Depot Shed & Toilet	\$250.00
2014 Total		\$2,086.00
2015	Victoria Street Toilet Block	\$1,200.00
	Caravan Park	\$275.00
	Senior Citizens Centre	\$807.00
2015 Total		\$2,282.00
2016	Apex Park Toilet Block	\$1,200.00
	Caravan Park	\$1,396.00
	Courthouse & Public Toilets	\$1,377.00
	Shenfield Street Toilet Block	\$1,200.00
2016 Total		\$5,173.00
2017	Apex Toilet Block	\$126.00
	Leura Street Toilet Block	\$2,355.00
	Public Toilet	\$5,148.00
	Tandarook Park Toilet Block	\$651.00
	Victoria Street Toilet Block	\$510.00
	Apex Park Toilet Block	\$252.00
	Caravan Park	\$16,179.00

[Export Pivot Report] [Close]

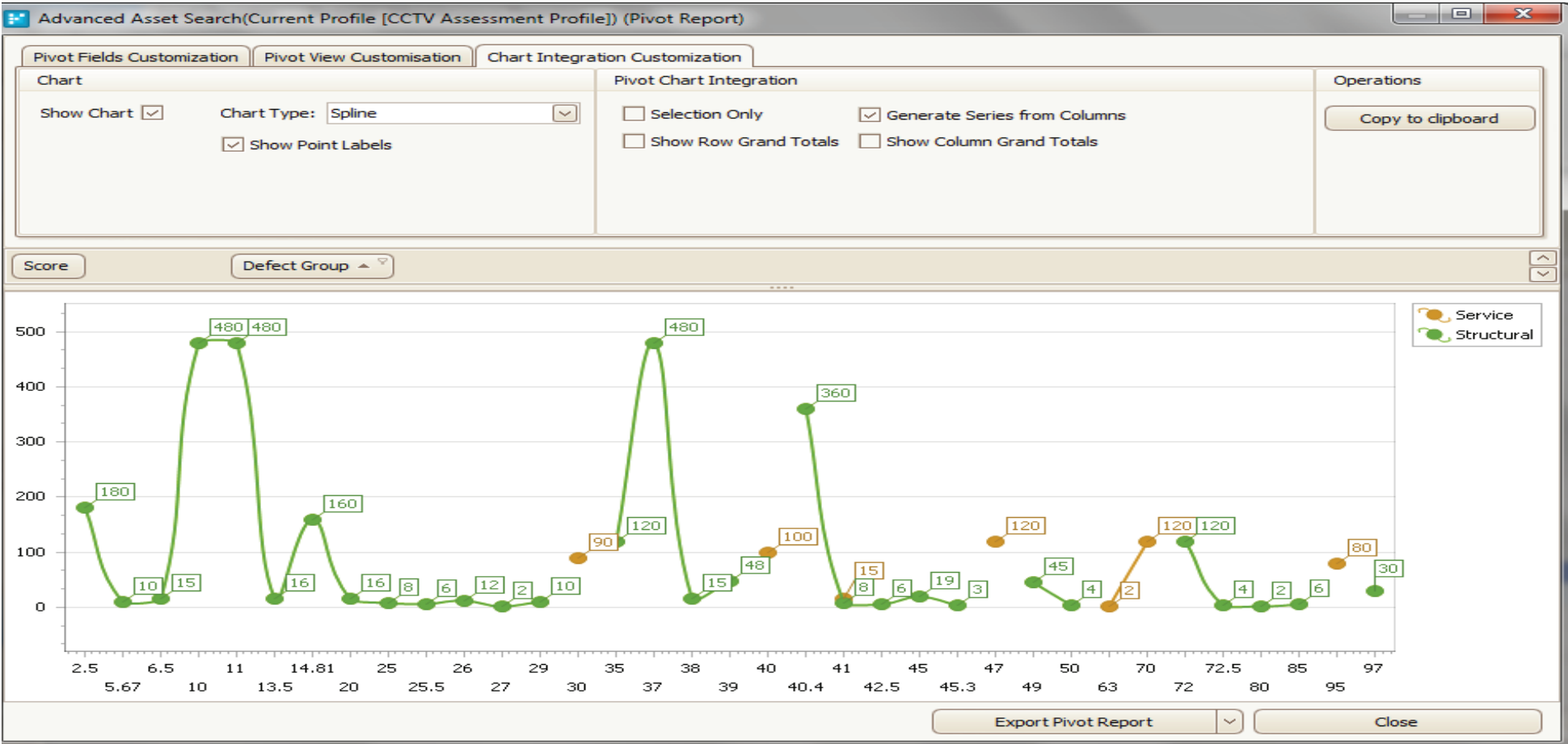
Condition reporting of sewer mains

The screenshot displays the MyData Premium software interface for reporting on a sewer main. The window title is "MyData Premium - [Sewer Mains]". The menu bar includes File, Edit, Reports, Tools, Data Integration, Asset Register, Strategic Maintenance Planning, and Help. The main content area is divided into several sections:

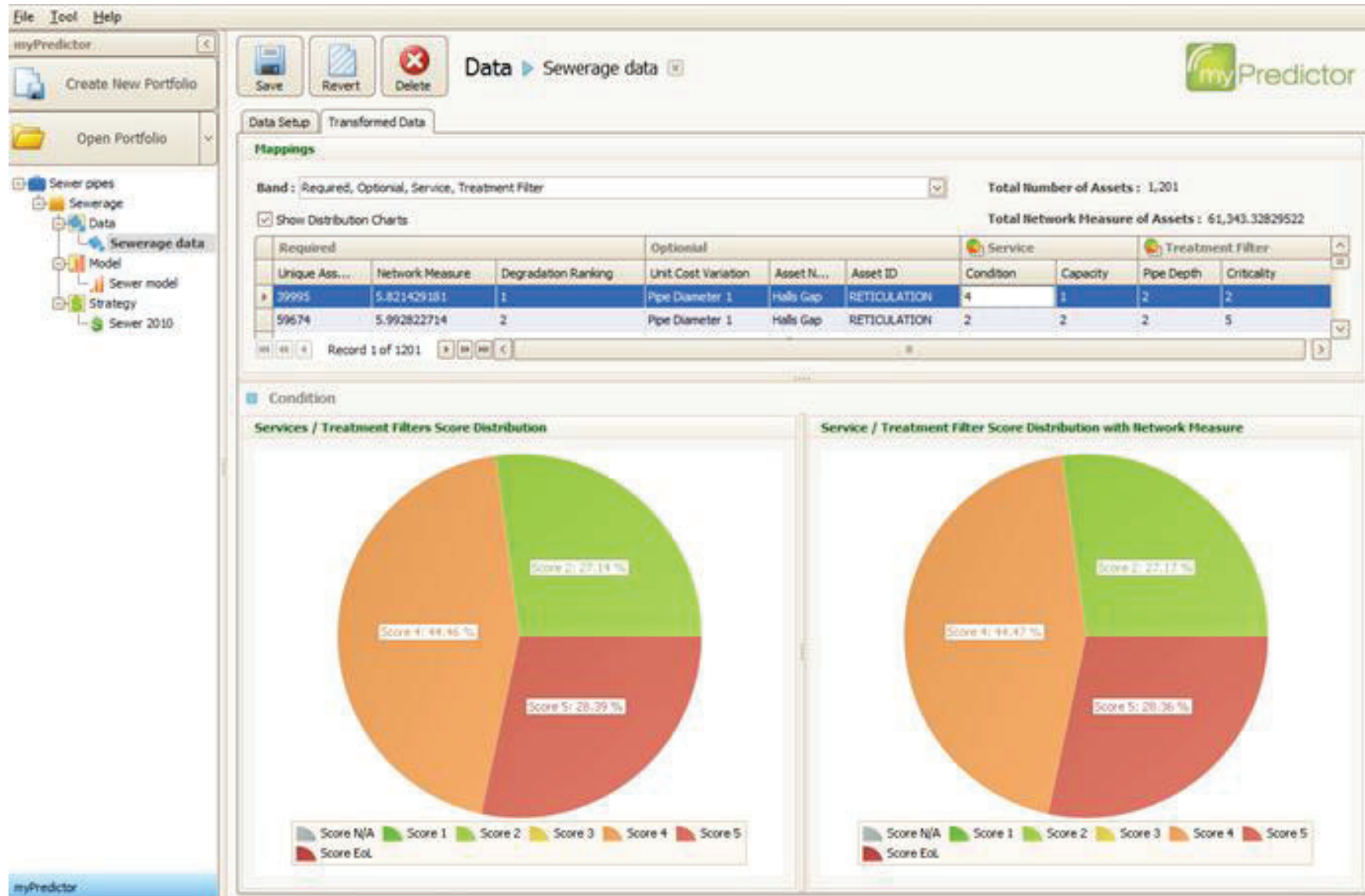
- Asset Register:** A search bar and a list of sewer mains. The "Sewer Gravity Main" section is expanded, showing a list of assets with IDs: 97737, 97740, 170466, 97708, 97709, 97710, 45089, 45530, 45593, 45690, and 46540. The asset with ID 97737 is selected.
- Asset Details:** Name: Sewer Gravity Main, Asset ID: 97737, Zone: [empty], Timeline: Current, and a "Create Archive" button.
- Condition Reporting:** A tabbed interface with tabs for Summary, Inventory, Attributes, Condition, CCTV Assessment, Fair Value, Depr. Schedule, Documents, Photos, and Risk Man. The "Condition" tab is active, showing:
 - Condition Serviceability:** DCI: 5, ACI: 5, Coarse Condition: [empty], Maintenance Condition: [empty], WSA Structural Peak: 5, WSA Service Peak: 4, WSA Structural Mean: 5, WSA Service Mean: 5.
 - Condition Serviceability Raw Score:** Coarse Condition: [empty], Maintenance Condition: [empty], WSA Structural Peak: 80, WSA Service Peak: 40, WSA Structural Mean: 118.75, WSA Service Mean: 12.75.
 - Performance Serviceability:** API: 2, Capacity: 2, Functionality: [empty].
 - Performance Serviceability Raw Score:** Pipe Relined: Yes, Capacity: 2, Functionality: [empty].
 - Risk Assessment:** ORJ: [empty], ORJ Raw: [empty], Type of Customer: Residential, Difficulty Of Repair: [empty], Consequence of Failure: Moderate, Likelihood of Failure: High, Transportation Criticality: [empty], Environmental Criticality: [empty].

At the bottom of the window, there is a status bar with "Configuration: myData Upgrades.config", "User Permissions", "Configuration Permissions", and "Active Financial Year: 2012".

WSA complaint CCTV structural and service condition assessment reporting of sewer mains



Average condition reporting of sewer network



Useability condition Index reporting of Parks

Assessment Details

Assessor: Pratt, Bob Assessed Date: 8/02/2012

General Comments:

Assessment Items

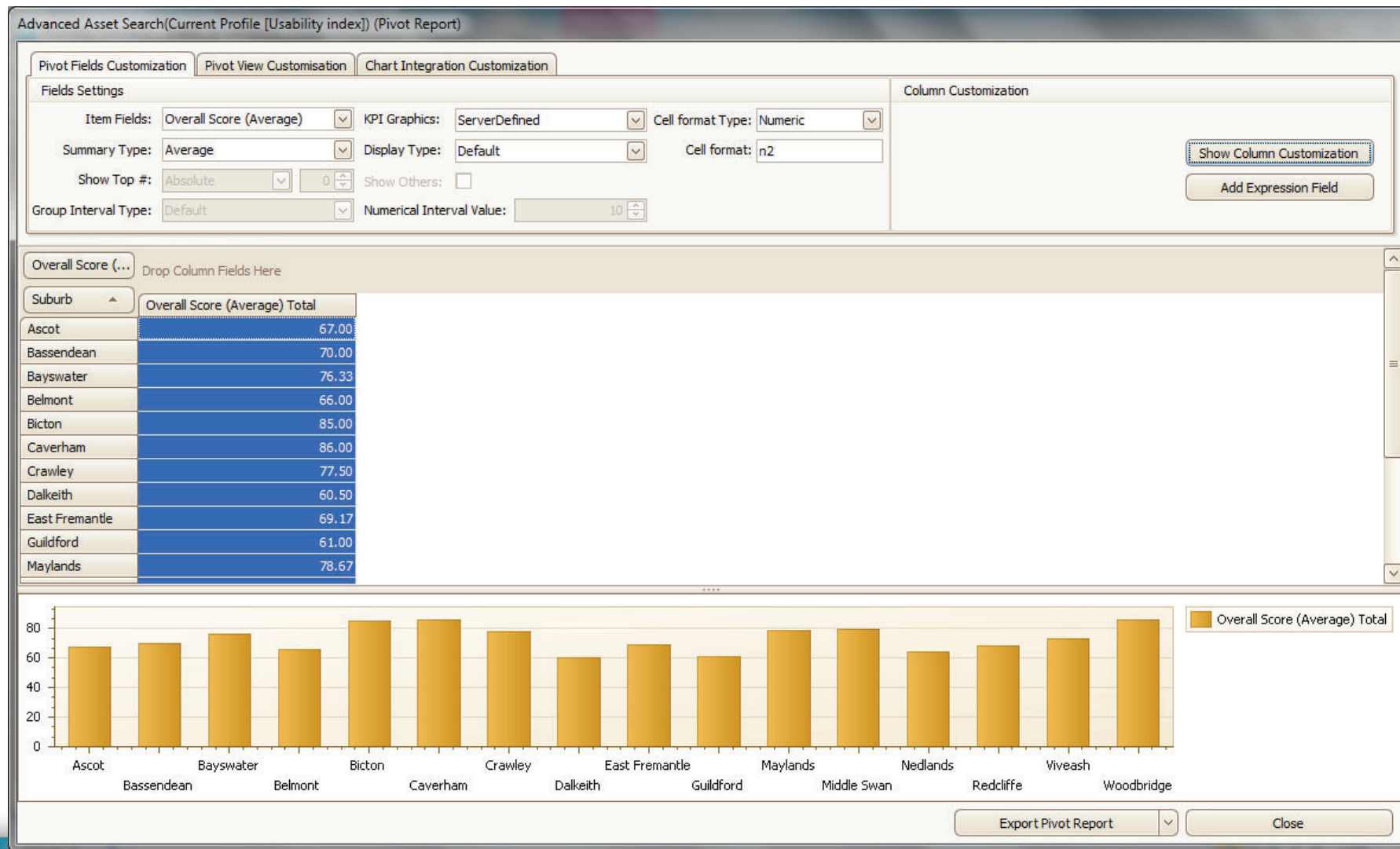
Natural Appeal:	<input type="text" value="7"/>	Comments:	<input type="text"/>
Site Condition:	<input type="text" value="6"/>	Comments:	<input type="text"/>
Visitation & Involvement:	<input type="text" value="5"/>	Comments:	<input type="text"/>
Sense of Place:	<input type="text" value="6"/>	Comments:	<input type="text"/>
Activity Spectrum:	<input type="text" value="4"/>	Comments:	<input type="text"/>
Comfort & Safety:	<input type="text" value="7"/>	Comments:	<input type="text"/>
Relaxation & Reflection:	<input type="text" value="8"/>	Comments:	<input type="text"/>
Social Interaction:	<input type="text" value="5"/>	Comments:	<input type="text"/>
Land Access:	<input type="text" value="8"/>	Comments:	<input type="text"/>
Water Access:	<input type="text" value="1"/>	Comments:	<input type="text"/>

Useability Index Scores

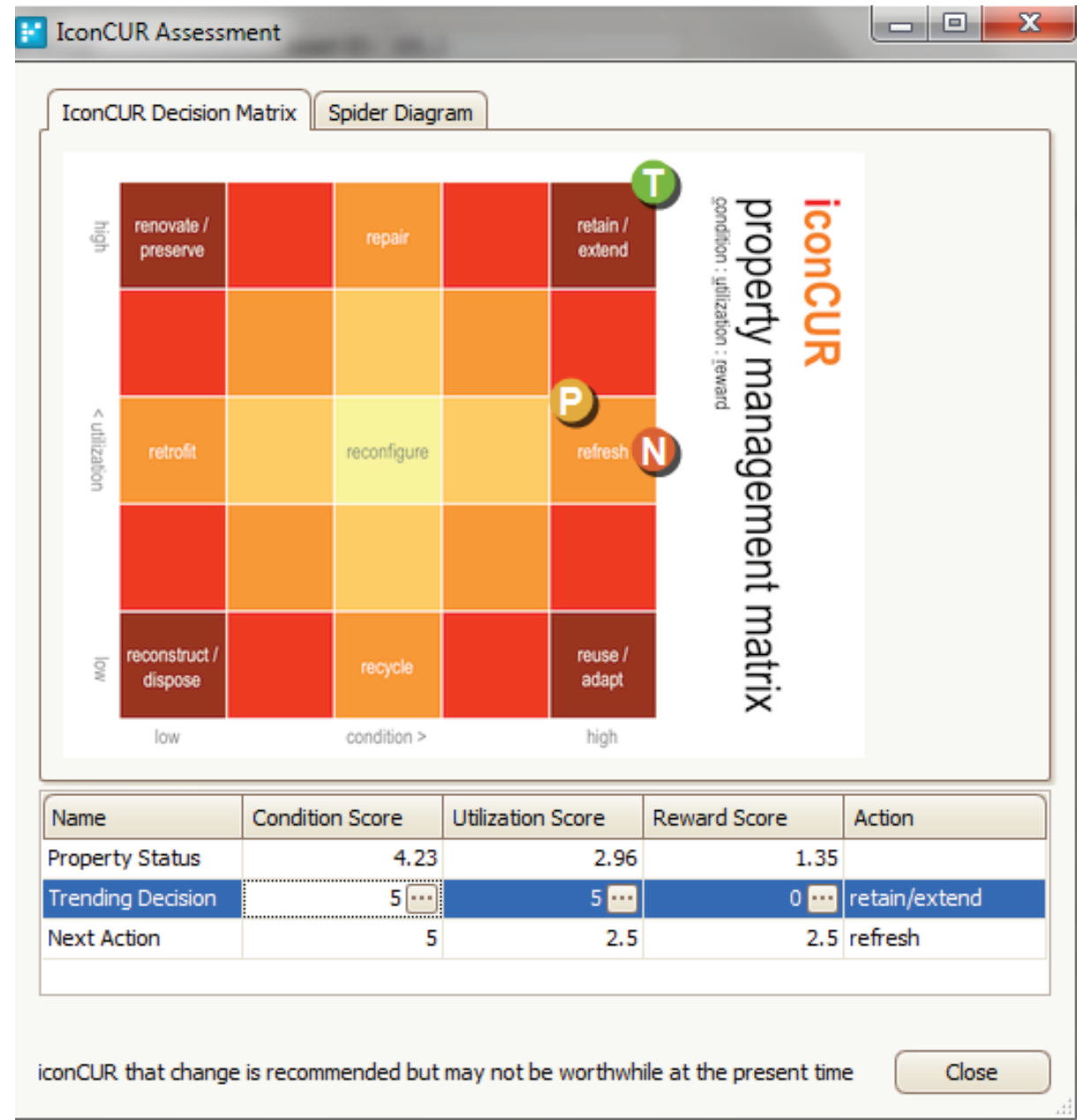
Overall Score:	<input type="text" value="57.00"/>		
Connection:	<input type="text" value="24"/>	Aesthetics:	<input type="text" value="13"/>
		Attachment:	<input type="text" value="11"/>
Function:	<input type="text" value="33"/>	Activity Infrastructure:	<input type="text" value="11"/>
		Activity Amenity:	<input type="text" value="13"/>
		Access:	<input type="text" value="9"/>

OK Cancel

Average useability condition score of council managed parks by suburb



iconCUR property assessment reporting



Roads Condition assessment report

File Edit Reports Tools Data Integration Asset Register Strategic Maintenance Planning Help

Template All

Asset Register

Search

myData

Name: 0 AAIRSTRIP ROAD Asset ID: 100,2
 Zone: Stornoway Timeline: Current Create Archive

Summary Inventory Attributes Traffic Count Condition Fair Value Depr. Schedule Documents Photos Risk Management Associated Assets Maintenance Plannin

Condition Info

OCI:

Crocodile Cracking: Linear Cracking: Stripping: Pavement Defects:
 Trans Cracking: Edge Defects: Rutting: Pavement Depth:
 Local Surface Defects: Surface Deformation: Surface Texture: Pavement Strength:
 Flushing: Patches: Roughness:
 Raveling: Drainage: Cross Section: Oxidation:

Calculated Raw Data

Slight Croc Cracking (m2):	<input type="text" value="0.04"/>	Slight Linear Cracking (m2):	<input type="text" value="0.02"/>	Slight Stripping (m2):	<input type="text" value="2.88"/>	Slight Pave Defect (m2):	<input type="text" value="0.29"/>
Moderate Croc Cracking (m2):	<input type="text"/>	Moderate Linear Cracking (m2):	<input type="text"/>	Moderate Stripping (m2):	<input type="text"/>	Moderate Pave Defect (m2):	<input type="text"/>
Extreme Croc Cracking (m2):	<input type="text" value="0.08"/>	Extreme Linear Cracking (m2):	<input type="text"/>	Extreme Stripping (m2):	<input type="text"/>	Extreme Pave Defect (m2):	<input type="text"/>
Total Croc Cracking:	<input type="text" value="M2"/>	Total Linear Cracking:	<input type="text" value="S1"/>	Total Stripping:	<input type="text" value="S1"/>	Total Pavement Defect:	<input type="text" value="S1"/>
Slight Trans Cracking (m2):	<input type="text"/>	Slight Edge (m):	<input type="text" value="2.01"/>	Slight Rutting (m):	<input type="text"/>	Pavement Depth (mm):	<input type="text"/>
Moderate Trans Cracking (m2):	<input type="text"/>	Moderate Edge (m):	<input type="text"/>	Moderate Rutting (m):	<input type="text" value="4.00"/>	Total Pavement Strength:	<input type="text"/>
Extreme Trans Cracking (m2):	<input type="text"/>	Extreme Edge (m):	<input type="text"/>	Extreme Rutting (m):	<input type="text"/>	Roughness Count:	<input type="text" value="111"/>
Total Trans Cracking	<input type="text"/>	Total Edge:	<input type="text" value="S1"/>	Total Rutting:	<input type="text" value="M1"/>	Roughness Estimated:	<input type="text"/>
Local Surface Defects (m2):	<input type="text" value="0.06"/>	Surface Deformation (m2):	<input type="text"/>	Surface Texture (m2):	<input type="text"/>	Patches (m2):	<input type="text"/>

Asset Register Strategic Maintenance Planning

Grants Commission report

Select An Asset: Sealed Roads
 Select A Tab: All Fields
 Include disabled assets
 Archive Date: 25/05/2007

Add Fields (Double Click to Select)

- AAADT
- AAADT Year
- Acquired From
- Additional Area
- Additional Area Type
- Aesthetics Holistic Level
- Ancillary Area
- Asset Class
- Asset Sub Class
- Asset Sub Type
- Asset Type
- Audit Change Reason
- Audit Change Type
- Audit Comments
- Audit Impact
- Bus Route
- Capacity Holistic Level
- Carriageway Area
- Carriageway Code
- Carriageway Width
- Condition System
- Conservation Code
- Control
- Coordinating Road Authority
- Crocodile Cracking Condition Index

Reduce the tree view after searching

Search Profile
 Grants-commission-Schedule-...
 Load Profile

Selected Fields List

- Standard**
- Asset ID
- Asset Name
- Inventory**
- Segment Length
- Attributes**

Search Filter
 And
 [Grants Commission Hierarchy Code] Equals 21000

Aggregate Summary: Sum Segment Length Add Clear all summary Pivot Report

Grants Commission Kerb Grants Commission Traffic Code

Asset ID	Asset Name	Segment Location	Segment Length	Grants Commission Hierarchy Code
<input type="checkbox"/>	Grants Commission Kerb: Kerbed	Sum(Segment Length) - 617127.9		
<input type="checkbox"/>	Grants Commission Traffic Code: 20000	Sum(Segment Length) - 4876.6		
<input type="checkbox"/>	Grants Commission Traffic Code: 20005	Sum(Segment Length) - 413373.2		
<input type="checkbox"/>	Grants Commission Traffic Code: 20010	Sum(Segment Length) - 128282.1		
<input type="checkbox"/>	Grants Commission Traffic Code: 20015	Sum(Segment Length) - 70596.0		
<input type="checkbox"/>	Grants Commission Kerb: Unkerbed	Sum(Segment Length) - 98401.2		
<input type="checkbox"/>	Grants Commission Traffic Code:	Sum(Segment Length) - 1190.0		
<input type="checkbox"/>	Grants Commission Traffic Code: 20020	Sum(Segment Length) - 3023.2		
<input type="checkbox"/>	Grants Commission Traffic Code: 20025	Sum(Segment Length) - 47332.9		
<input type="checkbox"/>	Grants Commission Traffic Code: 20030	Sum(Segment Length) - 17757.6		
<input checked="" type="checkbox"/>	[Grants Commission Hierarchy Code] = '21000'			

Search Result: 3998 value returned Show In The Map Export Result Select Asset

Project Cost Estimate Update

Re: Statement of Work in Brad Campbell email to Lois Burgess June 27, 2016

Project Cost Summary

Description	Cost
Software Cost & Professional Services (two service areas)	\$ 153,300
Annual Ongoing license & Support (Year 2 & 3: \$113,500x2)	\$ 227,000
Total cost over the 3 year Agreement	\$ 380,300

Project Cost Estimate

Year 1	
Software Subscription Cost: <ul style="list-style-type: none"> • Assetic Modules <ul style="list-style-type: none"> o asseticAssets (15 Users) o asseticAccounting o asseticPredictor • ESRI plugin (standard) • Asset Categories <ul style="list-style-type: none"> o Transportation Class (all categories) o Parks and Recreation (all categories) o Buildings and Facilities all categories 	\$67,100
Implementation and training two (2) asset classes, Transportation and Parks & Recreation <ul style="list-style-type: none"> • Project Scoping • Asset Register Development • Predictive Modelling • Reporting development and configuration • PSAB and Replacement Value Configuration • Staff Training (*training also included in the above work) 	\$6,300 \$23,100 \$28,350 \$6,400 \$15,750 \$6,300 \$86,200
Sub Total	\$153,300
Year 2	
Software Subscription Cost: <ul style="list-style-type: none"> • Assetic Modules <ul style="list-style-type: none"> o Assetic Assets Standard (50 users) o Assetic Predictor Premium o Asset Cloud Standard (Unlimited) o ESRI plugin (standard) • Asset Categories 	\$113,500
Cost (excl. HST)	

Implementation and training additional asset classes * to be determined after year 1 if required		\$-
	Sub Total	\$113,500
Year 3		Cost (excl. HST)
Software Subscription Cost:		
• Assetic Modules		
o Assetic Assets Standard (50 users)		
o Assetic Predictor Premium		
o Asset Cloud Standard (unlimited)		\$113,500
o ESRI plugin (standard)		
• Asset Categories		
o AllAsset Classes		
Implementation and training		\$-
	Sub Total	\$113,500
	Project Total	\$380,300

- Standard Support and Maintenance included
- Standard Software upgrades included
- User restrictions have been applied to keep cost down during the initial phases of the implementation.
- Integration to JDE is not included as part of the annual subscription, pricing can be obtain after scoping of specific requirements.
- Assetic Fleet module is not included in the above pricing. The Standard Fleet category used for inventory and condition storage and valuation is included.

“SCHEDULE 2”

Schedule B - Project Cost Estimate Update

Re: Statement of Work in Brad Campbell email to Lois Burgess June 27, 2016

Modified December 10, 2019 by Ben Moller

Project Cost Summary

Description	Cost
Software Cost & Professional Services (two service areas)	\$ 153,300
Annual Ongoing license & Support (Year 2 & 3: \$113,500x2)	\$ 227,000
Total cost over the initial 3 year Agreement	\$ 380,300
Annual Ongoing license& Support (Years 4-6: \$113,500 x 3)	\$340,500

Project Cost Estimate

Year 1	
Software Subscription Cost: <ul style="list-style-type: none"> • Assetic Modules <ul style="list-style-type: none"> ○ asseticAssets (15 Users) ○ asseticAccounting ○ asseticPredictor • ESRI plugin (standard) • Asset Categories <ul style="list-style-type: none"> ○ Transportation Class (all categories) ○ Parks and Recreation (all categories) ○ Buildings and Facilities all categories 	\$67,100
Implementation and training two (2) asset classes, Transportation and Parks & Recreation <ul style="list-style-type: none"> • Project Scoping • Asset Register Development • Predictive Modelling • Reporting development and configuration • PSAB and Replacement Value Configuration • Staff Training (*training also included in the above work) 	\$6,300 \$23,100 \$28,350 \$6,400 \$15,750 \$6,300 \$86,200
Sub Total	\$153,300
Year 2	
	Cost (excl. HST)
Software Subscription Cost: <ul style="list-style-type: none"> • Assetic Modules <ul style="list-style-type: none"> ○ Assetic Assets Standard (50 users) ○ Assetic Predictor Premium ○ Asset Cloud Standard (Unlimited) ○ ESRI plugin (standard) • Asset Categories 	\$113,500
Implementation and training additional asset classes * to be determined after year 1 if required	\$-
Sub Total	\$113,500
Year 3	
	Cost (excl. HST)
Software Subscription Cost: <ul style="list-style-type: none"> • Assetic Modules <ul style="list-style-type: none"> ○ Assetic Assets Standard (50 users) ○ Assetic Predictor Premium ○ Asset Cloud Standard (unlimited) ○ ESRI plugin (standard) • Asset Categories <ul style="list-style-type: none"> ○ AllAssetClasses 	\$113,500
Implementation and training	\$-
Sub Total	\$113,500

Year 4	Cost (excl. HST)
Software Subscription Cost: <ul style="list-style-type: none"> • Assetic Modules <ul style="list-style-type: none"> o Assetic Assets Standard (50 users) o Assetic Predictor Premium o Asset Cloud Standard (unlimited) o ESRI plugin (standard) • Asset Categories <ul style="list-style-type: none"> o AllAssetClasses 	\$113,500
Implementation and training	\$-
Sub Total	\$113,500
Year 5	Cost (excl. HST)
Software Subscription Cost: <ul style="list-style-type: none"> • Assetic Modules <ul style="list-style-type: none"> o Assetic Assets Standard (50 users) o Assetic Predictor Premium o Asset Cloud Standard (unlimited) o ESRI plugin (standard) • Asset Categories <ul style="list-style-type: none"> o AllAssetClasses 	\$113,500
Implementation and training	\$-
Sub Total	\$113,500
Year 6	Cost (excl. HST)
Software Subscription Cost: <ul style="list-style-type: none"> • Assetic Modules <ul style="list-style-type: none"> o Assetic Assets Standard (50 users) o Assetic Predictor Premium o Asset Cloud Standard (unlimited) o ESRI plugin (standard) • Asset Categories <ul style="list-style-type: none"> o AllAssetClasses 	\$113,500
Implementation and training	\$-
Sub Total	\$113,500
Project Total	\$720,800

- Standard Support and Maintenance included
- Standard Software upgrades included
- User restrictions have been applied to keep cost down during the initial phases of the implementation.
- Integration to JDE is not included as part of the annual subscription, pricing can be obtain after scoping of specific requirements.
- Assetic Fleet module is not included in the above pricing. The Standard Fleet category used for inventory and condition storage and valuation is included.

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON FEBRUARY 18, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER AND GREGG BARRETT DIRECTOR, PLANNING AND CITY PLANNER
SUBJECT:	OLD VICTORIA HOSPITAL LANDS PHASE II - LANDS DISPOSITION

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, and the Director, Planning and City Planner, with the concurrence of the Manager, City Building and Design, on the advice of the Manager, Realty Services, with respect to the Old Victoria Hospital lands, the following actions **BE TAKEN**:

- a) the City owned lands, shown on Appendix "A", **BE DECLARED** surplus;
- b) the City owned lands ("Surplus Lands") **BE DISPOSED OF** in compliance with the City's Sale and Other Disposition of Land Policy via a tender process;
- c) the Civic Administration **BE DIRECTED** to undertake a tender process for the "Surplus Lands" for the purposes of redevelopment and the adaptive reuse of the Health Services Building and the 1922 portion of the War Memorial Children's Hospital; and
- d) the Civic Administration **BE DIRECTED** to undertake a City initiated Zoning By-law amendment consistent with the policies of the *Old Victoria Lands Secondary Plan* for the lands shown on Appendix "A".

PERTINENT REPORTS RELATED TO THIS MATTER

September 25, 2012	Investment and Economic Prosperity Committee, "South Street Campus Lands Redevelopment Process: Master Development and Secondary Plans"
June 20, 2013	Planning and Environment Committee, "Draft Old Victoria Hospital Lands Secondary Plan"
June 9, 2014	Investment and Economic Prosperity Committee, "Old Victoria Hospital Development Plan Update"
June 17, 2014	Corporate Services Committee, "London Health Sciences Centre South Street Campus Decommissioning" <i>Confidential</i>
June 17, 2014	Planning and Environment Committee, "Old Victoria Hospital Lands Secondary Plan and Associated Official Plan Amendments. Old Victoria Hospital Lands Zoning Study"

August 26, 2014	Corporate Services Committee, “Old Victoria Hospital Lands: Request for Proposals Update”
October 7, 2014	Planning and Environment Committee, “City of London Zoning By-law Review: Old Victoria Hospital Lands Zoning Study”
March 2, 2015	Planning and Environment Committee, “Heritage Building Retention Old Victoria Hospital Lands”
March 9, 2015	Planning and Environment Committee, “Old Victoria Hospital Lands”
September 26, 2016	Strategic Priorities and Policy Committee, “London Health Sciences Centre South Street Campus Decommissioning”
September 26, 2016	Report to Strategic Priorities and Policy Committee, “Information Report on Old Victoria Hospital Lands Request for Proposal”
January 20, 2020	Corporate Services Committee, London Health Sciences Centre South Street CAMPUS Decommissioning (Phase B) Confidential

BACKGROUND

The Old Victoria Hospital Lands, which are generally located along the Thames Valley Corridor, between Waterloo Street and Colborne Street, represent a prominent site within London.

In 1977, a decision was made to relocate the hospital facilities to a new health complex on lands adjacent to Commissioners Road.

In 2013, the last patients in the South Street (Old Victoria Hospital) complex were relocated to the new hospital site.

As London Health Sciences Centre (LHSC) approached the conclusion of its multi-year project to relocate the hospital facilities, discussions began with respect to the future of the buildings and lands on the South Street site. It was recognized that the buildings were owned by LHSC, but the majority of the lands on which they were situated were owned by the City. The removal of some, or all, of the buildings would require an expensive demolition process. With regard to potential costs, an agreement was made between the City and LHSC that would see the hospital contribute to the costs associated with demolition and the remediation of the site. While the agreement is complex in nature, it is important to recognize that it represents significant financial contributions by LHSC to demolish and clear these lands.

In 2011, the City commissioned heritage consultant, Nancy Tausky, to provide a detailed assessment of the cultural heritage resources related to the Old Victoria Hospital lands. Subsequently, the City also commissioned specific building condition reports from heritage architects with respect to four of the buildings identified as significant and worthy of retention by Tausky’s report. On March 10, 2015, Municipal Council advised of their intention to retain the Colborne Building, the Health Services Building (Building 50), and the 1922 portion of the War Memorial Children’s Hospital (Building 52).

As part of the first phase of redevelopment of the Old Victoria Hospital lands, the property associated with the Colborne Building was individually designated under Part IV of the *Ontario Heritage Act*. The properties associated with the Health Services Building (Building 50) and the 1922 portion of the War Memorial Children’s Hospital (Building 52) are currently listed on the Register of Cultural Heritage Resources and it is anticipated that these properties will be individually designated through the second phase of redevelopment of the Old Victoria Hospital lands.

SITE CONDITIONS

DECOMMISSIONING

Following community discussions in 2012 and 2013, including consultation with the London Advisory Committee on Heritage (LACH), Municipal Council took a number of steps with respect to the disposition of buildings on the Old Victoria Hospital lands. Approvals were given in 2012 for the removal of buildings on the south side of South Street, with the exception of the Colborne Building. The removal of these buildings was described as Phase A of the demolition project. Demolition activities on the structures on the south side of South Street began in 2014 and were largely completed by the end of the year.

Phase B includes the removal of buildings located on the lands bounded by Waterloo Street, South Street, Colborne Street and Hill Street, with the exception of Building 50 and Building 52. Abatement of designated substances (as defined in the Ontario Regulation 490/09: DESIGNATED SUBSTANCES) including asbestos was included as part of Phase B in both of the remaining buildings. Phase B has been completed and these two buildings have been turned over to the City for future adaptive reuse.

SITE REDEVELOPMENT & DISPOSITION

PHASE I

In 2014, Municipal Council directed that a Request for Expressions of Interest (REOI) be issued seeking private sector parties interested in undertaking the first phase of redevelopment of the Old Victoria Hospital lands. The REOI was released on October 22, 2014 and submissions were received on December 22, 2014. Following Municipal Council's direction to continue to a Request for Proposals (RFP) process with short-listed REOI respondents, the RFP document was prepared and released to qualified respondents in January 2016.

The City has since entered into an Agreement of Purchase and Sale with the successful respondent, Medallion Corporation, with a transfer of the lands in early 2020. A site plan application has been submitted by Medallion Corporation for these lands which consists of a two tower residential development with a total of 586 units, a public courtyard, and the extensive retrofitting of the Colborne Building for office and retail uses. This future development and adaptive reuse of a cultural heritage resource represents substantial investment in the area and is a transformational project that will implement the vision of the *Old Victoria Hospital Secondary Plan*. Construction of this project is expected to begin in 2020.

PHASE II

Phase II of the Old Victoria Hospital lands redevelopment process will include the disposition of 124 Colborne Street (0.80 acres), as well as the lands bounded by Waterloo Street, South Street, Colborne Street and Hill Street (5.45 acres), which includes the Health Services Building (Building 50) and the War Memorial Children's Hospital (Building 52), excluding lands reserved for the future construction of a public square. These lands are identified in Appendix "A".

In preparation of the transfer of the balance of the Old Victoria Hospital lands to the City, conceptual modelling exploring the redevelopment opportunities and options of the Phase II lands were prepared both by the City and by a+LiNK Architecture Inc. These models include the integration and adaptive reuse of Building 50 and 52 in combination with new development on the cleared lands. Assumptions regarding building heights, densities and land uses were guided by the policies of the *Old Victoria Hospital Secondary Plan*. Conceptual redevelopment scenarios illustrating the maximum heights and densities that could be obtained through a bonus zone have been produced and demonstrate that approximately 400 to 650 new residential units can be accommodated on the lands.

A financial pro forma analysis of the development potential of the site was undertaken by urbanMetrics and was based on the modelling and cost assumptions prepared by both the City and a+LiNK Architecture Inc. Through this analysis, preliminary indicators are that there is a reasonable expectation that a developer would be able to meet the minimum internal rate of return in the higher density scenarios, while taking on the stabilization of the two buildings.

PHASE II LAND DISPOSITION

The City's Sale and Other Disposition of Land Policy provides for a variety of methods of sale of surplus lands: a tender process, Request for Proposal, listing with a real estate broker, public auction and direct negotiations. As previously mentioned, the first phase of disposal of the Old Victoria Hospital lands was released through a Request for Expressions of Interest (REOI) followed by a Request for Proposals (RFP). This process did not result in many interested submissions in the Phase I lands and resulted in a lengthy process.

In consideration of the capital and operating costs required for the stabilization of Building 50 and 52, including their security and maintenance over a period of at least two years, the sale of Phase II lands through a tender sale process may be considered as a more efficient and less costly process. It may be possible to complete a tender process for the sale of the subject lands within the next two months on an "as is" basis in an effort to save the costs of a full stabilization. However, a conditional period for the sale will likely take up to or exceed six months.

A sale by tender would include conditions to the sale including, but not limited to:

- Land and buildings are sold on an "AS IS WHERE IS" basis;
- Zoning: The City shall be provided 200 days to complete a City-initiated Zoning By-law amendment, consistent with the policies of the *Old Victoria Hospital Lands Secondary Plan*;
- Conservation of Heritage Buildings – The Purchaser acknowledges that Building 50 and 52 will be retained in an "as is" condition and with the full intention of conserving the entire structures of both buildings. The Purchaser will assume continued security and preventative maintenance of the buildings until a heritage conservation project commences;
- Heritage Designation – The City will have 180 days from the date of acceptance of an Agreement of Purchase and Sale to designate Building 50 and 52 under Part IV of the *Ontario Heritage Act*;
- Construction Commencement – The Purchaser shall commence restoration of the Building 50 and 52 and development of the site by working on plans, approvals, or permits within one year of the registration of the deed or transfer of the lands;
- Heritage Community Improvement Plan – The City's total grants to conserve the heritage resources on the site shall be capped at the cost to conserve Buildings 50 and 52 of approximately \$4 million;
- Development Charges Demolition and Conversion Credits – The City's Development Charges By-law provides demolition and conversion credits applicable to the subject property and the City will provide the Purchaser with these credits applicable to the buildings demolished on the site. This is estimated at \$6 million. This value will be refined upon review of drawings submitted as part of the building permit process.

It should be noted that to proceed with the sale of the Phase II lands, the lands described above and in Appendix "A" will need to be declared surplus. Staff is recommending that Municipal Council proceed with declaring these lands surplus at this time.

Should the results of a tender sale process not achieve a qualified purchaser acceptable to Municipal Council, then Municipal Council could decide to sell the subject property through an alternative process such as a two stage procurement process. The two stage process would include a Request for Qualifications (RFQUAL) followed by a Request for Proposals (RFP). The RFQUAL process would seek to find qualified proponents who would then be invited to submit for the subsequent RFP. The decision on a full stabilization of the two buildings would then be necessary and a Source of Financing to accompany the full stabilization costs, as well as the associated operating costs, would need to be considered.

To help ensure the success of the alternative procurement process, additional resources and associated costs would need to be considered. A Procurement Advisor may be required to assist staff throughout the procurement process and provide external knowledge and experience, which will be valuable in ensuring a competitive, fair, and successful process. A Marketing Advisor may be required to provide access to a wider market and knowledge and experience that will assist staff at strategic stages in the procurement process. In addition, a Fairness Advisor may be required to ensure a fair and reasonable RFQUAL and RFP process for Phase II, as was done for the Phase I disposition. The total cost for these additional resources is estimated to be approximately \$110,000.00. A Source of Financing to accompany this additional cost would be required.

LAND USE PERMISSIONS

Old Victoria Hospital Secondary Plan

The lands generally located at South Street and Colborne Street, which includes the War Memorial Children's Hospital (Building 52), are designated as The Four Corners. The intent for The Four Corners policy area is to provide for the development of a mid-rise, mixed-use residential district that provides a focal point for the neighbourhood. The permitted uses envisioned for this area include a wide range of uses including residential, small-scale commercial, and uses which serve the community, such as day care centres. Within The Four Corners policy area, permitted heights can reach 11 storeys through site-specific bonus zoning.

The lands generally located east of Waterloo Street between the War Memorial Children's Hospital (Building 52) and South Street, which includes the Health Services Building (Building 50), are designated Mid-Rise Residential. The intent for the Mid-Rise Residential policy area is to allow for increased residential density through street and stacked townhouse forms as well as apartment buildings, while allowing for community facility uses to support the new residential population. Within the Mid-Rise Residential policy area, permitted heights can reach eight storeys through site-specific bonus zoning.

The lands generally along the south of Hill Street are designated as Low-Rise Residential. The intent for the Low-Rise Residential policy area is to minimize shadowing, view obstruction and loss of privacy to the existing low-rise residential uses by limiting residential forms to single-detached, semi-detached, duplexes, triplexes, fourplexes, street townhouses, and stacked townhouses. Through a bonus zone, the maximum height in the Low-Rise Residential policy area is five storeys and the maximum density is 75 units per hectare.

The Old Victoria Hospital Land Use Designation Map is illustrated in Appendix "B".

Zoning

The current zoning applied to the Phase II lands has not yet been amended to implement the vision as set out by the *Old Victoria Hospital Lands Secondary Plan*. The block bounded by South Street, Waterloo Street, Hill Street, and Colborne Street is currently zoned R7/ R9-3/RF. The R7 zone variation permits senior citizen apartment buildings, handicapped persons apartment

buildings, nursing homes, retirement lodges, continuum-of-care facilities, and emergency care establishments. The R9-3 zone variation permits apartment buildings, lodging house class 2, senior citizens apartment buildings, handicapped persons apartment buildings, and continuum-of-care facilities. The RF zone variation permits a variety of regional facilities uses, such as hospitals. The site also has an h-5 which stipulates that to ensure that development takes a form compatible with adjacent land uses, agreements shall be entered into following public site plan review specifying the issues allowed for under Section 41 of the *Planning Act*, R.S.O. 1990, c. P.13, prior to the removal of the "h-5" symbol. As well, a maximum height of 12 meters and a maximum density of 150 units per hectare is applied to the site.

124 Colborne Street is currently zoned R3-1/R7/R9-7. The R3-1 zone variation permits single detached dwellings, semi-detached dwellings, duplex dwellings, triplex dwellings, converted dwellings, and fourplex dwellings. The R7 zone variation permits senior citizen apartment buildings, handicapped persons apartment buildings, nursing homes, retirement lodges, continuum-of-care facilities, and emergency care establishments. The R9-7 zone variation permits apartment buildings, lodging house class 2, senior citizens apartment buildings, handicapped persons apartment buildings, and continuum-of-care facilities. As well, a maximum height of 24 meters and a maximum density of 150 units per hectare is applied to the site.

A map of the current zoning is outlined in Appendix "C".

ZONING BY-LAW AMENDMENT

An integral part in the disposition process is initiating a Zoning By-law amendment for the Phase II lands. Undertaking a City-initiated Zoning By-law amendment at this time will allow the zoning contemplated through the *Old Victoria Hospital Lands Secondary Plan* to be applied to the lands and to clearly identify the facilities, services, and matters through bonusing provisions as a requirement to obtain increased density.

It also should be noted that the ability to put a bonus zone in place will be affected as a result of Bill 108; bonusing by-laws can continue to be enacted and existing bonusing by-laws can be amended through the Zoning By-law amendment process up until the earlier of a new Community Benefit Charges by-law being enacted on January 1, 2021. Bonus zones can be implemented after this deadline; it is only the creation and modification of such by-laws that are restricted. Rezoning the lands now also reduces the time, risk, and cost associated with future redevelopment.

A Transportation Impact Study has already been completed by the City and will be used in the evaluation of the Zoning Bylaw Amendment. Additional technical studies may be required at the Site Plan Application stage once the successful bidder has a specific development proposal. The cost of these additional studies will be the responsibility of the developer.

CONCLUSION

Phase B of the decommissioning process for the Old Victoria Hospital Lands is nearing completion, at which time the Health Services Building (Building 50) and the War Memorial Children's Hospital (Building 52) will be transferred to the City.

Phase II of the disposition process is recommended to begin shortly now that the lands and building are under the City's ownership and proceed through a tender process. The identified lands will need to be declared surplus prior to beginning disposition. There are no associated costs with the tender process.

A City initiated Zoning By-law amendment for the lands identified in Phase II will reduce the time, risk, and cost associated with future redevelopment. It will also set the framework for implementing the *Old Victoria Hospital Lands Secondary Plan* vision and policies and improve the marketability of the lands.

ACKNOWLEDGEMENTS

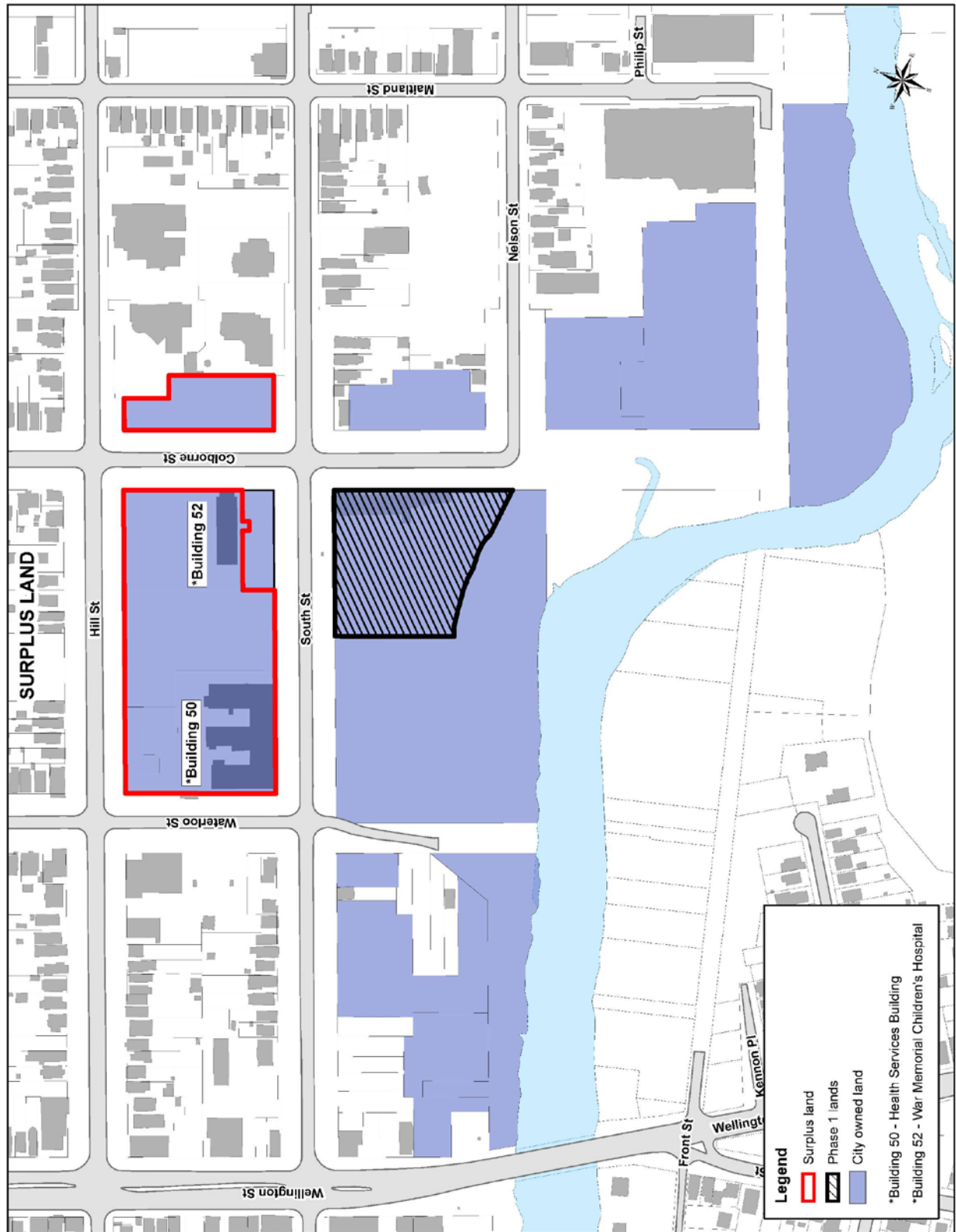
This report was prepared by Kerri Killen, Senior Planner, City Building Design, and Bill Warner, Manager, Realty Services.

SUBMITTED BY:	REVIEWED AND CONCURRED BY:
BILL WARNER, BA, AACI, P.APP MANAGER, REALTY SERVICES	BRITT O'HAGAN, MCIP, RPP MANAGER, CITY BUILDING AND DESIGN
RECOMMENDED BY:	RECOMMENDED BY:
GREGG BARRETT, AICP DIRECTOR PLANNING AND CITY PLANNER	ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

February 5, 2020

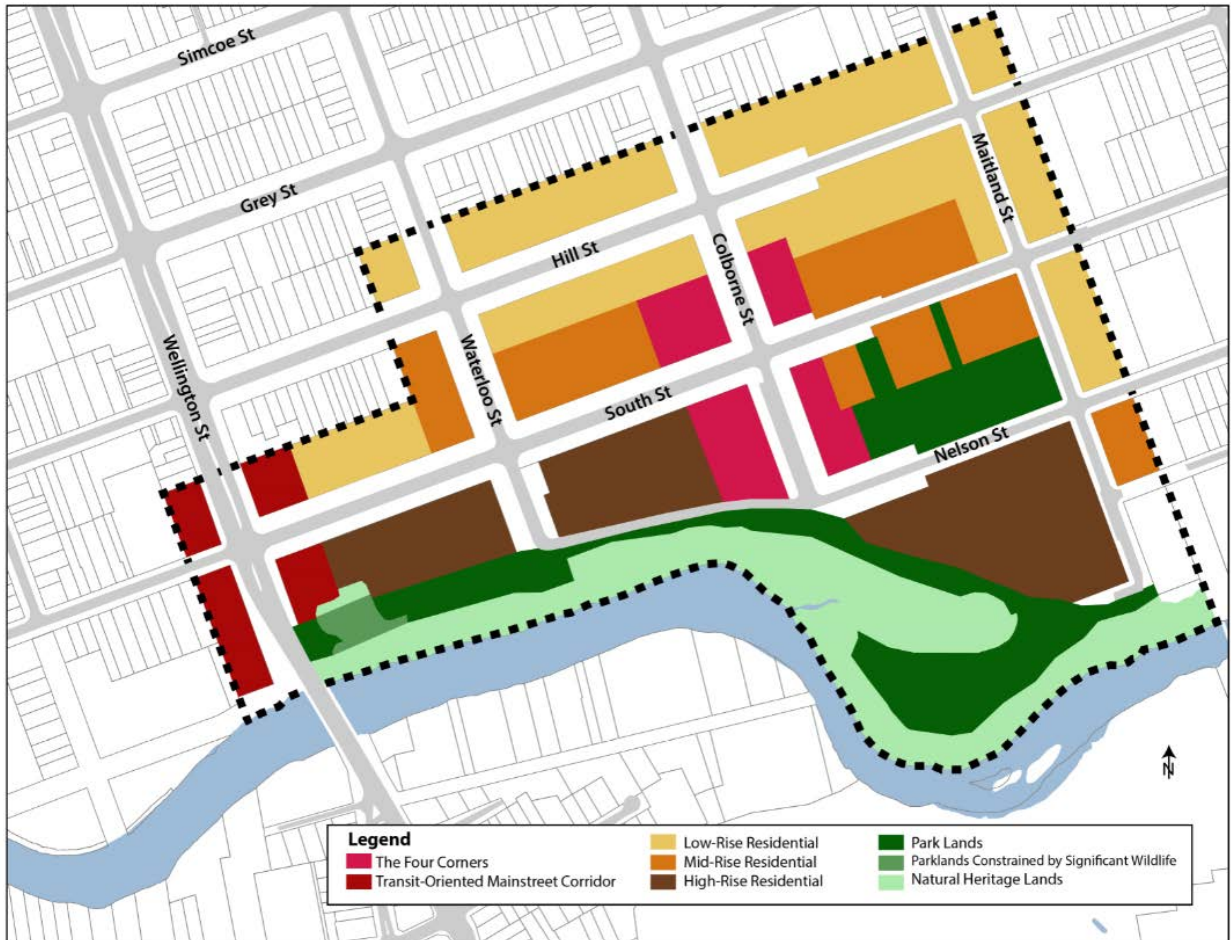
- Appendix A: Map of Surplus Land
- Appendix B: Old Victoria Hospital Secondary Plan
- Appendix C: Current Zoning Map

APPENDIX A: MAP OF SURPLUS LAND



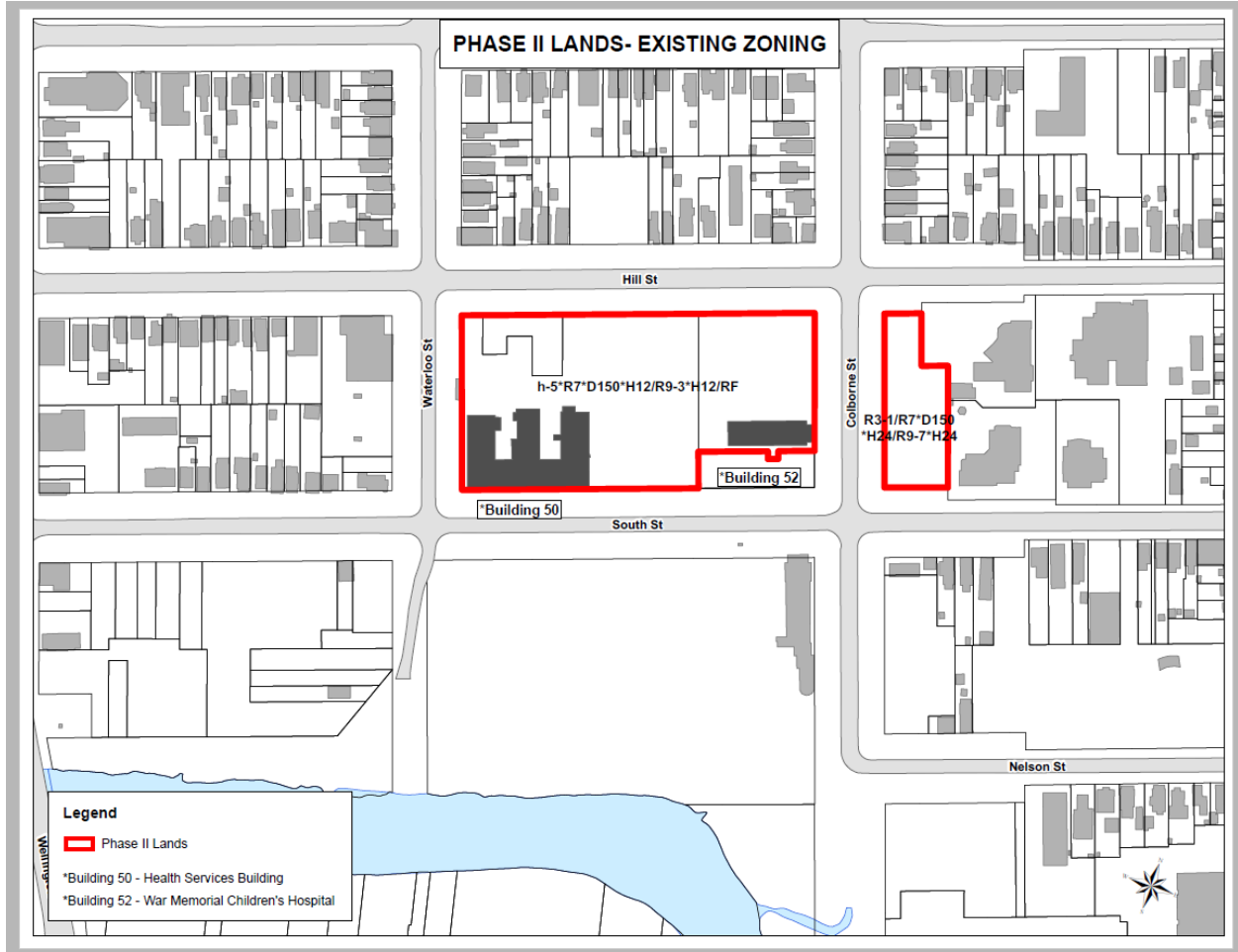
APPENDIX "B"

OLD VICTORIA HOSPITAL LANDS SECONDARY PLAN



APPENDIX "C"

CURRENT ZONING MAP



**CITY MANAGER SEARCH COMMITTEE
REPORT**

4th Meeting of the City Manager Search Committee
February 5, 2020

PRESENT: Mayor E. Holder (Chair), Councillors J. Helmer, J. Morgan, P. Van Meerbergen, A. Kayabaga and S. Hillier

ALSO PRESENT: Councillors M. Cassidy, A. Hopkins, S. Lehman, E. Peloza and M. van Holst; M. Campbell (Odgers), J. Robarts (Odgers), C. Saunders and B. Westlake-Power

The meeting is called to order at 9:00 AM.

1. ORGANIZATIONAL MATTERS

1.1 Disclosures of Pecuniary Interest

That it BE NOTED that no pecuniary interests are disclosed.

2. CONSENT

None.

3. SCHEDULED ITEMS

None.

4. ITEMS FOR DIRECTION

None.

5. DEFERRED MATTERS/ADDITIONAL BUSINESS

None.

6. CONFIDENTIAL (Enclosed for Members only.)

That the City Manager Search Committee convene, In Closed Session, for consideration of the following:

6.1 Personal Matters/Identifiable Individuals

A matter pertaining to personal matters about identifiable individuals, including municipal or local board employees.

The City Manager Search Committee convenes, In Closed Session, from 9:00 AM to 5:32 PM.

7. ADJOURNMENT

The meeting adjourned at 5:33 PM.

Voluntary Climate Change Contributions

February 9, 2020

Dear chair and members of the Corporate Services Committee,

I believe there is a substantial opportunity to generate revenue for our green and climate change initiatives, which would have the effect of relieving budget pressures in other areas.

The fastest way for London to reach net-zero carbon emissions is to have residents voluntarily purchase carbon offsets. It is already possible to make online purchases of offsets for projects taking place in other Ontario municipalities, but the maximum benefit would be achieved if citizens purchased offsets from London.

Besides selling certified offsets there is also the possibility of allowing residents to crowdfund green projects or take advantage of sponsorship and naming opportunities. There is the potential to issue tax receipts for further motivation.

My initial research indicates that a significant number of citizens would be willing to participate. Some have said they would do so at the highest level, which is the \$440 necessary to cover the emissions of an average Canadian (22 Tonnes GHG x \$20/Tonne). If 10% of our residents participated at this level, it would raise approximately \$17 million.

There could be a substantial first-mover advantage for setting up and marketing a program like this since it could be promoted outside of London as well. For this reason, I encourage you to support the following motion:

That staff investigate the possibility of generating revenue from a program that allows concerned individuals to voluntarily purchase carbon offsets, crowdfund green initiatives and sponsor climate change projects.

Sincerely,

Michael van Holst
Councillor, Ward 1