

Example of

FMV calculation of equity compensation on
Termination for convenience

PROJECT AGREEMENT

for the Fort St. John Hospital

NORTHERN HEALTH AUTHORITY

and

ISL HEALTH (FSJ) GENERAL PARTNERSHIP

British Columbia

Dated: July 16, 2009

1.3 Schedules

The schedules hereto and the terms set out therein will be deemed fully a part of this Agreement.

2. GENERAL PROJECT TERMS

2.1 Term and Termination

The term of this Agreement (the "**Term**") will commence on the Effective Date and will continue to the Expiry Date unless earlier terminated:

- 6 [(a) by the Authority at any time in its discretion, and at the convenience of the Authority, by notice stating that termination is for convenience pursuant to this Section 2.1(a);]
- (b) [Intentionally Deleted];
- (c) by the Authority pursuant to Section 6.6 in connection with damage or destruction to the Facility;
- (d) by either party pursuant to Section 6.7 in connection with insufficient insurance;
- (e) by either party pursuant to Section 6.9 in connection with uncollectible Insurance Receivables;
- (f) by the Authority pursuant to Section 6.15(a) or 6.15(c)(2) in connection with a Principal Insured Risk becoming Uninsurable;
- (g) by either party pursuant to Section 8.4(c) or 8.4(e) in connection with a Relief Event;
- (h) by either party pursuant to Section 8.6(c) or 8.6(d) in connection with a Force Majeure Event;
- (i) by the Authority pursuant to Section 12.4 in connection with a Project Co Event of Default; or
- (j) by Project Co pursuant to Section 13.3 in connection with an Authority Event of Default.

Unless otherwise specified, the Termination Date for such earlier terminations will be the date notice of termination is given by one party to the other party in accordance with this Agreement. Except as referred to in this Section 2.1, neither party will have the right to terminate this Agreement.

Notwithstanding that the Term commences on the Effective Date, Sections 2.2 to 2.6, inclusive, will take effect and apply from the execution and delivery of this Agreement.

2.2 Document Deliveries

Concurrently with the execution and delivery of this Agreement:

- (a) Project Co will deliver to the Authority the documents described in Section 2 of Schedule 18 [Completion Documents]; and

6(a)

"Fair Market Value" means the amount at which an asset or a liability would be exchanged in an arm's length transaction between informed and willing parties, other than in a forced or liquidation sale;

"Financial Close" means written confirmation by each of the parties of the achievement of financial close effective as of the Effective Date;

"Financial Model" means Project Co's financial model for the Project attached as Schedule 14 [Financial Model], a copy of which is attached to this Agreement in electronic format, as updated or amended from time to time in accordance with the terms of this Agreement;

"Five Year Maintenance Plan" has the meaning set out in Schedule 4 [Services Protocols and Specifications];

"Force Majeure Event" means the occurrence after Financial Close of:

- (a) war, civil war, armed conflict or terrorism;
- (b) nuclear, radioactive, chemical or biological contamination, except to the extent that such contamination arises or is contributed to, directly or indirectly, as a result of any wilful misconduct, negligent act or omission or non-compliance with the terms of this Agreement by Project Co or a Project Co Person;
- (c) earthquake or tidal wave;
- (d) flood, except to the extent that such flood arises or is contributed to, directly or indirectly, as a result of any wilful misconduct, negligent act or omission or non-compliance with the terms of this Agreement by Project Co or a Project Co Person; or
- (e) pressure waves caused by devices traveling at supersonic speeds,

which directly causes a party to be unable to comply with all or a material part of its obligations under this Agreement;

"Functional Unit" has the meaning set out in Schedule 8 [Payments];

"Funding Agreement" means the agreement titled the "Northern Health Authority Funding Agreement" dated on or about the Effective Date between the Authority and Project Co;

"GAAP" means generally accepted accounting principles in effect in Canada including the accounting recommendations published in the Handbook of the Canadian Institute of Chartered Accountants;

"General Management Services" has the meaning set out in Schedule 4 [Services Protocols and Specifications];

"Geotechnical Report" has the meaning set out in Schedule 2 [Design and Construction Protocols];

"Gigajoule" or "Gj" has the meaning set out in Appendix 2D [Energy];

"Gj/m²" has the meaning set out in Appendix 2D [Energy];

2. TERMINATION ON EXPIRY DATE

If the Termination Date is the Expiry Date, the Authority will pay to Project Co on the Termination Payment Date a Termination Payment of \$1.

3. TERMINATION FOR AUTHORITY EVENT OF DEFAULT OR AT AUTHORITY'S OPTION

3.1 Calculation

If either the Authority or Project Co terminates this Agreement pursuant to Section 2.1(a), Section 6.6 (Authority Election Not to Reinstate) or Section 13 (Authority Events of Default), the Authority will pay to Project Co on the Termination Payment Date a Termination Payment equal to the greater of:

- (a) the amount which would be determined under Section 6.1 of this Schedule if it applied, including the provision in Section 6.1 of this Schedule that provides that if the aggregate of the amount calculated is less than the Senior Debt plus the amount referred to in Section 6.1(e) of this Schedule, then the Termination Payment will be increased so that it is equal to the aggregate of the Senior Debt plus the amount referred to in Section 6.1(e) of this Schedule; and
- (b) the aggregate amount, without duplication, of:
 - (1) the Senior Debt as at the Termination Payment Date;
 - (2) the Employee Payments and the Project Contractor Breakage Costs;
 - (3) any accrued but unpaid amounts owing and payable by the Authority to Project Co under this Agreement;
 - (4) any Insurance Receivables, if and to the extent Project Co has assigned them to the Authority; and
 - (5) *6(a)* the aggregate amount for which the Units and any amounts outstanding under Junior Debt could have been sold for Fair Market Value on the date immediately before the Termination Date based on the assumption that there has neither been any default by the Authority under this Agreement or the Funding Agreement nor any Draw Stop under, and as defined in, the Funding Agreement, that the sale is on a going concern basis and that no restrictions exist on the transfer of equity capital

LESS, to the extent it is a positive amount, the aggregate of without double counting:
 - (6) all credit balances on any bank accounts held by or on behalf of Project Co on the Termination Date and the value of any amounts due and payable from third parties (but only when received from third parties) but excluding any claims under a Project Contract or claims against other third parties which have not been determined or have been determined but not yet paid provided that in such case Project Co will assign any such rights and claims under the Project Contracts or