

July 19, 2006



Mr. David Graham, Director of Recreation, Parks, and Cultural Services
City of Kelowna
1435 Water St.
Kelowna, BC V1Y 1J4

Dear Sir:

Re: MISSION DISTRICT PARK AQUATIC CENTRE

We are pleased to report to you with regard to the above project.

We confirm that we have been continuously involved with this project during the Integrated Design Process in accordance with the Early Partnering Agreement (EPA) between the City and PCL Constructors Westcoast Inc. (PCL), and we are familiar with the project and its development to the current point in time.

We have carried out and completed our independent cost review of the Schematic Design for the project, and it is our opinion, that the Guaranteed Maximum Project Price (GMPP) submitted by PCL of \$41,212,544 (Forty one million two hundred and twelve thousand five hundred and forty four dollars) exclusive of GST represents fair value for the project as currently designed, taking into consideration the current construction market in Kelowna. This Guaranteed Maximum Project Price is predicated upon the condition that the Schematic Design as presented by PCL in accordance with the EPA will be adjusted to reflect Value Engineering savings approved by the City to achieve cost savings of not less than \$750,000 (Seven hundred and fifty thousand dollars).

As a Guaranteed Maximum Price, there will be an ongoing requirement for our firm to work closely with PCL and its Design Team to ensure that the hard pricing that develops for the project is properly scoped and, wherever possible, competitively tendered. We expect that tenders will be fully disclosed to the City and ourselves and that we will be allowed to attend the tender openings of the trade tenders. It is our understanding that cost savings are to be moved to a separate budget line and monitored by us on behalf of the City. Values taken from this budget line to cover overruns are to be monitored by us and reported to the City to ensure that funds from this budget line are properly used in accordance with the letter and spirit of this agreement. We will also continue to assist the City by monitoring the progress of the Project and providing formal Progress Draw Certificates and reports for monthly payments which will be required by the Contract between the City and PCL.

Spiegel Skillen + Associates Ltd

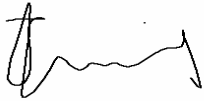
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We will work with the City and PCL to develop a detailed Memorandum of Understanding that will articulate and embody, in detail, the spirit of this GMPP.

Please call me if you have any queries or require any further information.

Yours Truly

SPIEGEL SKILLEN & ASSOCIATES LIMITED

A handwritten signature in black ink, appearing to read 'Timothy J. Spiegel', with a stylized, flowing script.

Timothy J. Spiegel, B.Sc.(QS), PQS
Director