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To: File

From: Julie Warren

File: 1198-99000

Date: January 5, 2023

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**Re: Acquisition of CCLLC Assets**

This memo details the steps by which Stantec Consulting Services Inc., a New York corporation ("**SCSI**"), acquired certain assets of Cardno Consulting, LLC ("**CCLLC**"), a Delaware limited liability company, and its subsidiaries.

1. On December 30, 2022, Cardno, Inc., a Delaware corporation, converted to CCLLC, a Delaware limited liability company.
2. On January 1, 2023, SCSI entered into an Asset Purchase Agreement with CCLLC (the "**Purchase Agreement**"). Pursuant to the Purchase Agreement, SCSI agreed to acquire all of the assets of CCLLC except the excluded projects and excluded professional licenses disclosed in Schedule 2.2(a) and Schedule 2.2(b) of the Purchase Agreement. Attached to this memo is a copy of the first nine pages of the Purchase Agreement, the Signature Page and the Defined Terms.
3. In accordance with the terms of the Purchase Agreement, Stantec GS Inc. ("**SGSI**"), a Virginia corporation, became a wholly owned subsidiary of SCSI and SCSI acquired 49% of the issued and outstanding shares of M&J Engineering - Cardno, LLC, a Delaware limited liability company.

## ASSET PURCHASE AGREEMENT

**THIS AGREEMENT** made as of the 1<sup>st</sup> day of January, 2023.

BETWEEN:

### **CARDNO CONSULTING, LLC**

a limited liability company existing under the laws of Delaware,  
previously operating as Cardno, Inc.  
(the “**Seller**”)

OF THE FIRST PART

- and -

### **STANTEC CONSULTING SERVICES INC.**

a corporation existing under the laws of New York  
(the “**Buyer**”)

OF THE SECOND PART

**THIS AGREEMENT WITNESSES THAT** in consideration of the respective covenants, agreements, representations, warranties and indemnities of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party), the parties agree as follows:

## **1.0 DEFINITIONS**

### **1.1 *Defined Terms***

For the purpose of this Agreement, unless the context otherwise requires, the terms set out in Schedule 1.1 shall have the respective meanings set out in Schedule 1.1 and grammatical variations of such terms shall have corresponding meanings.

## **2.0 PURCHASE AND SALE OF PURCHASED ASSETS**

### **2.1 *Purchased Assets***

Subject to the provisions of this Agreement, the Seller agrees to sell, assign and transfer to the Buyer and the Buyer agrees to purchase from the Seller, effective as of the Time of Closing, all of the property, rights, interest and assets used in connection with or otherwise relating to the Purchased Business (other than the Excluded Assets), whether real or personal, tangible or intangible, of every kind and description and wheresoever situate, as a going concern (collectively, the “**Purchased Assets**”), including without limitation, the following:

- (a) **Equipment.** All equipment, facsimile machines, photocopiers, fixtures, furniture, furnishings and other fixed assets owned by the Seller and used in connection with the Purchased Business;
- (b) **Agreements.** All executed or potential orders or Contracts for the provision of services associated with the Purchased Business(the “**Work Backlog**”);
- (c) **Work Product.** All work product of the Seller related to the agreements described in subsection 2.1(b) above;
- (d) **Unbilled Revenue.** The Seller’s interest in the unbilled revenue related to the agreements described in subsection 2.1(b) above (the “**Unbilled Revenue**”);
- (e) **Accounts Receivable.** All accounts receivable of the Seller relating to invoices for work undertaken by the Seller related to the agreements described in subsection 2.1(b) above up to and including the Closing Date (the “**A/R**”);
- (f) **Proposals.** The Seller’s interest in any outstanding proposals associated with the Purchased Business;
- (g) **Intercompany Balances.** All intercompany receivables and intercompany payables of the Seller up to and including the Closing Date (the “**Intercompany Balances**”);
- (h) **Prepaid Expenses.** All prepaid expenses held by third parties which were made by the Seller prior to the Closing Date associated with the Purchased Business;
- (i) **Sublease Receivables.** All receivables of the Seller in connection with subleasing of any leased property;
- (j) **Computer Hardware and Software.** All computer hardware and software, including all rights under licences and other agreements or instruments relating thereto which are owned by the Seller or to which the Seller is entitled;
- (k) **Employee Advances.** Any right to repayment of advances to Employees;
- (l) **Income Taxes.** All income Tax installments paid by the Seller and the right to receive any refund of income Taxes paid by the Seller;
- (m) **Policies of Insurance.** Any policy of insurance or plan for the benefit of employees generally pursuant to which the Seller or any of its directors, officers or Employees are insured;
- (n) **Stantec GS Shares.** Any issued and outstanding shares held by the Seller in Stantec GS Inc. and any interests in subsidiaries or joint ventures held through Stantec GS Inc.; and

- (o) **Books and Records.** All books and records (other than those required by law or subject to confidentiality requirements to be retained by the Seller, copies of which, excluding those books and records subject to confidentiality requirements, will be made available to the Buyer), including, without limitation, library and technical reference books, project files related to the agreements described in subsection 2.1(b), drawings, client lists, advertising material, employee manuals, personnel records related to the current Employees, supply records, unbilled revenue records and correspondence files (together with, in the case of any such information that is stored electronically, the media on which the same is stored).

## 2.2 *Excluded Assets*

The Purchased Assets shall not include any (a) agreements associated with the projects listed in Schedule 2.2(a); or (b) those retained licenses listed in Schedule 2.2(b) (collectively, the “**Excluded Assets**”).

## 3.0 **ASSUMPTION OF LIABILITIES**

### 3.1 *Assumption of Certain Liabilities by the Buyer*

Subject to the provisions of this Agreement, and excepting only the Retained Liabilities, the Buyer agrees to assume, pay, satisfy, discharge, perform and fulfill, from and after the Time of Closing, all obligations or liabilities of the Seller accrued or incurred on or prior to the Time of Closing, including: (i) those obligations and liabilities of the Seller (excluding the Retained Liabilities), and (ii) those obligations and liabilities of the Seller existing as at the Time of Closing and thereafter arising under:

- (a) any leased property;
- (b) the lease exit liabilities to landlords in connection with any leased property;
- (c) the Seller’s obligations arising pursuant to the Contracts comprising the Work Backlog, including the liabilities for deferred revenues, the Unbilled Revenue and any software licenses included in the Purchased Assets;
- (d) the Seller’s liabilities to vendors, contractors, subcontractors and/or subconsultants for items or services provided to the Seller, including in connection with the A/R and the Unbilled Revenue;
- (e) the Seller’s liability for accrued expenses;
- (f) any intercompany payables;
- (g) liabilities of the Seller for all costs and expenses, including payables, accrued liabilities, bank obligations, shareholder loans and all other indebtedness of the Seller incurred up to and including the Closing Date and further including those liabilities, invoices for which might be received after the Closing Date, but which are for services, supplies or events rendered to the Seller prior to the Closing Date;
- (h) liabilities of the Seller at the Closing Date with respect to accrued wages and salaries, commissions, bonuses, vacations and holiday pay, workers’ compensation levies, withholding deductions for federal and state income Taxes,

other payroll deductions, pension plan deductions as well as liabilities relating to benefits already in place and accruing in favor of the Employees;

- (i) liabilities of the Seller in respect of claims arising out of professional services provided by the Seller in association with the Purchased Business prior to the Closing Date; and
- (j) income Taxes payable by the Seller accrued in the operation of the Purchased Business prior to the Closing Date.

(collectively, the “**Assumed Liabilities**”).

### 3.2 *Retained Liabilities*

The Seller agrees to retain all liabilities not specifically included in the Assumed Liabilities (the “**Retained Liabilities**”), including, without limitation, those liabilities in connection with the Excluded Assets.

### 3.3 *Liability and Warranty Obligations*

The Buyer shall assume all liability, warranty and other claims and obligations arising in respect of services provided by the Seller in connection with the Purchased Business up to the Time of Closing whether such claims are raised before or after the Time of Closing.

### 3.4 *Responsibility for Work Completed by the Buyer Related to Ongoing Projects*

The Buyer shall be solely responsible for and shall indemnify and save harmless the Seller from and against all liability, warranty and other claims and obligations arising in respect of services provided by the Buyer after the Time of Closing in connection with the agreements described in subsection 2.1(b).

## 4.0 **PURCHASE PRICE**

### 4.1 *Purchase Price*

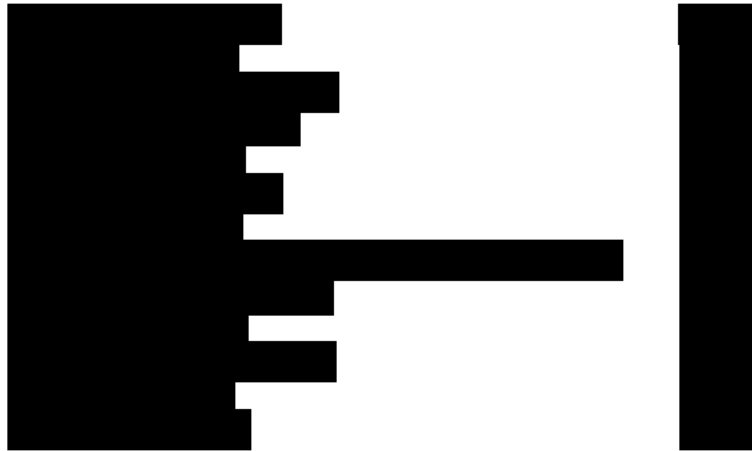
The aggregate purchase price (the “**Purchase Price**”) payable by the Buyer to the Seller for the Purchased Assets shall be [REDACTED] plus the Buyer shall assume the Assumed Liabilities. The Purchase Price shall be satisfied by the payment referred to in section 4.2 and the assumption of the Assumed Liabilities as provided in section 3.1.

### 4.2 *Payment of the Purchase Price*

The Purchase Price shall be paid on the Closing Date by way of promissory note on the terms as attached as Schedule 4.2.

### 4.3 *Allocation of Purchase Price*

The Seller and the Buyer agree to allocate the Purchase Price among the Purchased Assets as follows:



and to report the sale and purchase of the Purchased Assets for all federal, state and local Tax purposes in a manner consistent with such allocation. The Seller and the Buyer shall in the reporting of such sale and purchase execute such forms and make such elections as are appropriate in order to report the sale and purchase consistently to the Taxing authorities.

## **5.0 REPRESENTATIONS AND WARRANTIES OF THE SELLER**

The Seller represents and warrants to the Buyer as follows and acknowledges that the Buyer is relying on such representations and warranties in connection with its purchase of the Purchased Assets:

### **5.1 *Organization***

The Seller is a limited liability company duly formed and organized and validly subsisting under the laws of Delaware and has the power to own or lease its property and to perform its obligations hereunder. The Seller is duly qualified as a limited liability company to do business in each jurisdiction in which the nature of the Purchased Assets makes such qualification necessary.

### **5.2 *Authorization***

This Agreement has been duly authorized, executed and delivered by the Seller and is a legal, valid and binding obligation of the Seller, enforceable against the Seller by the Buyer in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

### **5.3 *Sufficiency of Purchased Assets***

The Purchased Assets owned or leased by the Seller are and have been sufficient to carry on the Purchased Business to the Time of Closing.

### **5.4 *Title to Personal and Other Property***

The Purchased Assets are owned beneficially by the Seller with good and marketable title thereto, free and clear of all Encumbrances and the Seller has the right, title and

interest to sell, assign or transfer the Purchased Assets to the Buyer pursuant to the terms hereof.

## **6.0 REPRESENTATIONS AND WARRANTIES OF THE BUYER**

The Buyer represents and warrants to the Seller as follows and acknowledges and confirms that the Seller is relying on such representations and warranties in connection with its sale of the Purchased Assets:

### **6.1 *Organization***

The Buyer is a corporation duly incorporated and organized and validly subsisting under the laws of New York and has the corporate power to enter into this Agreement and to perform its obligations hereunder.

### **6.2 *Authorization***

This Agreement has been duly authorized, executed and delivered by the Buyer and is a legal, valid and binding obligation of the Buyer, enforceable against the Buyer by the Seller in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

## **7.0 MERGER OF COVENANTS, REPRESENTATIONS AND WARRANTIES**

The covenants, indemnities, representations and warranties contained in this Agreement and in all certificates and documents delivered pursuant to or contemplated by this Agreement shall merge on the closing of the transactions contemplated hereby.

## **8.0 CLOSING DATE AND TRANSFER OF POSSESSION**

### **8.1 *Transfer***

Subject to compliance with the terms and conditions hereof, the transfer of possession of the Purchased Assets shall be deemed to take effect as at the Time of Closing.

### **8.2 *Further Assurances***

From time to time subsequent to the Closing Date, each party to this Agreement covenants and agrees that it will at all times after the Closing Date, at the expense of the requesting party, promptly execute and deliver all such documents, including, without limitation, all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as the other party, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

## **9.0 INTERPRETATION**

### **9.1 *Currency***

Unless otherwise indicated, all dollar amounts in this Agreement are expressed in U.S. funds.

### **9.2 *Sections and Headings***

The division of this Agreement into Articles, sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, section, subsection or Schedule refers to the specified Article, section or subsection of or Schedule to this Agreement.

### **9.3 *Number, Gender and Persons***

In this Agreement, words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities of any kind whatsoever.

### **9.4 *Accounting Principles***

Any reference in this Agreement to “**GAAP**” refers to generally accepted accounting principles that have been established in the United States of America, including those approved from time to time by the Financial Accounting Standards Board or any successor body thereto.

### **9.5 *Entire Agreement***

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided.

### **9.6 *Time of Essence***

Time shall be of the essence of this Agreement.

### **9.7 *Applicable Law***

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the State of Delaware and the federal laws of the United States applicable therein, and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such state and all courts competent to hear appeals therefrom.



## 9.8 *Successors and Assigns*

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the parties and, where the context so permits, their respective successors and permitted assigns. Neither party may assign any of its rights or obligations hereunder without the prior written consent of the other party.

## 9.9 *Amendments and Waivers*

No amendment or waiver of any provision of this Agreement shall be binding on either party unless consented to in writing by such party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver for future breaches unless otherwise provided.

## 9.10 *Schedules*

The following Schedules are attached to and form part of this Agreement:

Schedule 1.1	-	Defined Terms
Schedule 2.2(a)	-	Excluded Projects
Schedule 2.2(b)	-	Excluded Permits and Licenses
Schedule 4.2	-	Promissory Note

(collectively, the “**Schedules**”).

## 9.11 *Notices*

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by telecopy or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

(a) if to the Seller:

Cardno Consulting, LLC  
400-10220 103 Avenue NW  
Edmonton, AB T5J 0K4  
Attention: Corporate Secretary

(b) if to the Buyer:

Stantec Consulting Services Inc.  
400-10220 103 Avenue NW  
Edmonton, AB T5J 0K4  
Attention: Corporate Secretary

Any such notice or other communication shall be deemed to have been given and received on the day it is delivered if personally delivered, on the day on which receipt is acknowledged if sent by facsimile or other means of recorded electronic communication, (or, if such day is not a Business Day, on the next following Business Day) or, if mailed, on the tenth Business Day following the date of mailing; provided, however, that if at the time of mailing or within ten Business Days thereafter there is or occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by

mail, any notice or other communication hereunder shall be delivered or transmitted by means of recorded electronic communication as aforesaid.

Either party may at any time change its address for service from time to time by giving notice to the other party in accordance with this section 9.11.

9.12 *Counterparts*

This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

9.13 *Electronic Signatures*

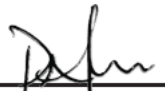
This Agreement may be executed manually or electronically, by facsimile or PDF, by the parties hereto and may be executed in separate counterparts, each of which when so executed and delivered shall be an original, that all such counterparts shall together constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE TO FOLLOW]

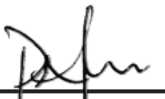
IN WITNESS WHEREOF this Agreement has been executed by the parties.

**CARDNO CONSULTING, LLC**

Per:   
Paul J.D. Alpern

Per:   
Christopher O. Heisler

**STANTEC CONSULTING SERVICES INC.**

Per:   
Paul J.D. Alpern

Per:   
Christopher O. Heisler

**CARDNO CONSULTING, LLC**

- and -

**STANTEC CONSULTING SERVICES INC.**

**SCHEDULE 1.1**

**DEFINED TERMS**

- (a) **"A/R"** has the meaning set out in subsection 2.1(e);
- (b) **"Assumed Liabilities"** has the meaning set out in section 3.1;
- (c) **"Business Day"** means any day, other than a Saturday or a Sunday, on which the main branch of the Bank of America is open for business;
- (d) **"Closing Date"** means January 1, 2023 or such other date as the Seller and the Buyer may mutually determine;
- (e) **"Code"** means the *Internal Revenue Code* of 1986, as amended from time to time;
- (f) **"Contract"** means any agreement, indenture, contract, lease, deed of trust, licence, option, instrument or other commitment, whether written or oral;
- (g) **"Employees"** means those employees of the Seller who are employed in the Purchased Business immediately prior to the Time of Closing;
- (h) **"Encumbrance"** means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, any matter capable of registration against title, option, right of pre-emption, privilege or any Contract to create any of the foregoing;
- (i) **"Excluded Assets"** has the meaning set out in section 2.2;
- (j) **"GAAP"** has the meaning set out in section 9.4;
- (k) **"Intercompany Balances"** has the meaning set out in section 2.1(g);
- (l) **"Purchase Price"** has the meaning set out in section 4.1;
- (m) **"Purchased Assets"** has the meaning set out in section 2.1;
- (n) **"Purchased Business"** means the business carried on by the Seller consisting primarily of professional consulting and engineering services but excluding the Excluded Assets and the Retained Liabilities;
- (o) **"Retained Liabilities"** has the meaning set out in section 3.2;

- (p) **"Schedules"** has the meaning set out in section 9.10;
- (q) **"Taxes"** means any federal, state, local or non-US income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental including taxes under Code §59A, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other Tax of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis or in any other manner, including any interest, penalty, or addition thereto, whether disputed or not and including any obligation to indemnify or otherwise assume or succeed to the Tax liability of any other person;
- (r) **"Time of Closing"** means 12:02 AM MST on the Closing Date, or such other time on the Closing Date as the Seller and the Buyer may mutually determine;
- (s) **"Unbilled Revenue"** has the meaning set out in subsection 2.1(d); and
- (t) **"Work Backlog"** has the meaning set out in subsection 2.1(b).