

MFI – Interview Summary		
Date:	September 14, 2018	
Location:	Hotel North 2 – Boardroom – Happy Valley-Goose Bay, NL	
Attendees:	David Malamed (Interviewer) Steve Power (Interviewer) Laura Miller (Note taker)	Don Delarosbil (Interviewee) Paul Burgess (Legal Counsel)

This document contains summary notes of the interview held with the above noted attendees. These summary notes are not intended to be an official transcript of the interview. These notes were based on the taped recording of the interview. These notes are for discussion purposes only and should be shared only with the interviewee and his/her legal counsel. The purpose of these notes is to determine if the interviewee believes any responses are factually incorrect based on the interviewee's recollection of the interview. Based on feedback from the interviewee revisions will be made if determined necessary.

Date of summary: September 14, 2018

Note: Bolded items represent questions asked by Grant Thornton LLP with the interviewee's response immediately following in point form. Where the response was provided by legal counsel it has been noted.

- It was a bit hard to get prepared for this because we didn't know exactly what you are going to ask
- **If there's something that you can't fully remember or a document, just let us know and we can get it**
- **Start at 10:15 am Friday September 14, sitting down with Don Delarosbil**
- **Could you tell me a bit about when you started with Nalcor, with this project, your involvement?**
 - 22 years previous to this I was with Peter Kiewit associates
 - A lot of people knew my reputation
 - Handled a lot of major northern remote site work
 - Peter Kiewit
 - Few of my friends worked on the job, they had been working for about a year
 - I'd been helping them over the phone and got interested in the project
 - They approached me and I had a bit less of a challenge at Kiewit so I joined with Astaldi
 - Understood that the project was having difficulties, but not unlike any other project start up
 - Project start-ups are tough, in Canada
 - And particularly in the north
 - I had started up probably 4 major jobs in today's numbers
 - Half a billion to a billion in today's numbers
 - So I had a lot of experience
 - Said I would give these guys a hand
 - That's what I did
 - Just jumped on board
 - Helped the project and help build Muskrat Falls
 - Wanted on my resume
 - It's a nice big job
 - It was a premium project in Canada, at the time
 - So you want to be involved in it
 - That peaked my interest and I jumped on board

- **So you started in May?**
 - May 1, 2015
- **Tell me about your role while you're there?**
 - Hired as a project manager
 - Full authority to manage job for Astaldi Canada
 - Job to take job from where it was to get it finished
 - Oversee all the departments
 - All the department heads answered to me safety, quality, engineering, procurement, maintenance
 - My job to figure it out and get it back on track and make it work
- **Some of my questions may have to do with before you go there, I'd like to know what you can tell me about it, if anything. One of the things we've seen in the bid is that over half amount of hours were for indirect hours – why?**
 - Way the bid is set up I suspect that the indirect hours have to do with all the site services all depends how they divided up bid at the time
 - Support is about 35-40% of the work
 - Lot of things go into it
 - Road maintenance
 - Crane operations
 - Survey and all sorts of things
 - Depends how they structured that estimate
 - Different contractors do different ways
 - Your indirect hours are usually around 42% of the direct ones
- **In terms of productivity rate, tell me about when you arrived in 2015?**
 - When I sat down and looked running at about 18-20 man hours per cubic meter
 - In relation to what I was used to in Canada a good factor would be 9, a great factor would be totally non-union operation
 - From my experience
 - Ontario probably 10-12 man hours
 - In this environment, I thought they were excessive, 18-20 man hours
 - So that was the goal – get man hours down
 - Because that's where the money is
 - Three quarters of your money, or half of your money in this case is in the labour
 - You can pick up truck and cut an office but that's not going to get you there
 - Have to focus on man power
 - And how you can effectively use the man power to effectively get the work done
 - So that you start looking at operations and how there structured
 - Start looking at how there organized and how there supported
 - In a lot of cases your support has to be well driven, in time
 - Planned ahead
 - Structured in such a way that you can deliver the product and get man hours down
 - If that guys looking for a wrench or a bolt or a tool, we can't get the man hours down
 - That was the goal
 - First goal set was to try to get it to 14 man hours
 - I did have chance to look at estimate and within first 2 weeks I redid the estimate and there was no way at those times we could realize those
- **What was the rate in the estimate?**
 - About 6-6.5 man hours per cubic meter
 - Check any contract, or contractor whatever
 - Can't be done, just can't be done

- With the requirements for the quality and the safety
 - You have to cut something out to get it done
 - With all the requirements of managing the contract, it can't be done
 - It hasn't been done in Canada for years
 - Can't be done
 - Hasn't been done Keeyask
 - They haven't started the same work as we have
 - They can't even do it at Site C
- **I know you have 40+ years' experience, for me to do things in this area it's more difficult because I don't have experience. You said it took 2 weeks to go through their bid. How long did that take? To identify 6?**
 - 6 was obvious, you're at 1820, so 6 is obvious
 - I knew from the past that 6 was not achievable
 - I can try to do the best I can to optimize operations but I won't get there
- **If I take big number and divide by what to get 6 man hours? What's the calculation?**
 - 500,000 cm to pour multiply by 6 man hours, that gives you the man hours
 - 500,000 cm and multiply by 14 man hours, that gives you the number
 - That gives you the dollars, because the man hours weren't so much
 - So if your man hours are 95 dollars a man hour, that's what gets you your labour dollars
 - Roughly
 - These projects are labour intensive
 - That's what you have to manage that's what you got to control, that's what you got to work with
- **Why do you think they would have included 6 – 6.5 as a doable?**
 - This is what I've read, this is not me
 - When I read reports and execution plan that Astaldi had put in place, I think they based it on 12 previous projects around the world
 - Not in Canada
 - But around the world
 - And that's where they got their number
- **So better conditions could lead – if you had good condition and available labour?**
 - Yeah different contract, different labour agreement
 - Yeah it could lead to that
- **They said it is achievable?**
 - They said it is, I don't know not in Canada
 - I've never worked outside of Canada, I've worked in Canada all my life
 - In Canada we have top shelf safety in the industry
 - There's nobody better than Canada for safety
 - Things you have to do and have to get done
 - Due diligence and checks, to meet all those things
 - When you include the collective agreement
 - In itself is a bit onerous
 - Trying to balance man power
 - Let's say need a loader operator to do some service but only have 4 hours work for that guy
 - What do you do for other 6 hours – still have the guy there
 - Well you could say finished your time go to camp but after a while you won't get people to drive the loader
 - Those are some of the things we were able to change
 - Because in the agreement with the operators
 - In the first year I was there it was one man, one machine
 - Able to meet with labour and talk to them and tell them how it didn't work for us, it wasn't excavation job

- Every union has its jurisdiction or area of work and can't overlap
- Where you could improve productivity is where you can overlap
- Loader operator in morning and labour in afternoon, some agreements allow you to do that
- Like the collective agreements out west are something like that
- **Do you know if Astaldi had hydro development experience before this engagement?**
 - Oh yes, obviously had hydro experience
 - Ranked within top 10 in world
 - Probably closer to 6 – taking a guess right now
- **I understand that it gets to -40C at times here, does Astaldi have experience working with similar environmental conditions similar to Labrador?**
 - No
 - Nobody ever told me that they did
 - Worked in Russia but I don't know how the climates work and those individuals were not on this project
 - Did not have the experience to deal with northern Canadian climates
 - But to their defence, because I wasn't there at the time, when you start project in November rather than start a project in June, big difference
 - **If you start in November instead of June you're not just losing 4 months, you're probably losing 10 months**
 - **You Almost lost a year of construction**
 - Trying to start up in the winter
 - Trying to get organized
 - Trying to get the right granulators
 - The right crushing materials
 - **It gets complicated, you need heaters right off the start**
 - Sends full new level of complication to a project
 - When I got there in May 2015, I shut the job down from December 2015 to March 2015 so that we could reschedule and plan
 - In fact could make up the production in summer rather than beat ourselves up for 2 months
 - Didn't make sense
 - Had some push back but was able to prove I was right
 - When you're dealing with these northern climates and you're in the open ground your spending three times the money
 - So if you're man hours were 10 probably 28-30
 - No sense doing that
 - We regrouped, kept service crew and staff
 - You have to keep you're people and they have to plan the work to move the job forward
 - That's exactly what we did
 - From that point, even from Aug 2015 we met every target
 - Beat or met or exceeded every target that was ever laid out for us
 - Made right decisions, we kept our orderly informed
- **When you arrived, how long did it take to realize that the bid in terms of hours was going to be an issue?**
 - First 2 weeks

- **How was Nalcor notified?**
 - I think they realized it also
 - How were they notified officially Brought up at several meetings
 - Brought in several experts
 - Had people look at how come you can't do this
 - Of course you'll panic
 - Because you're doing this and you're supposed to be doing this, how come?
 - So they brought in experts, had people come and look at the job
 - If you ask all of the experts, they'll tell you what we did is the best that could be done
 - They will and they have to say that
 - Because the targets we achieved nobody's achieved in this environment
 - With this labour with this and agreement
 - No body
 - When you look at my team they're the best builders in Canada as far as I'm concerned
 - I'm just telling you
 - And I'm being poached like crazy right not
 - I'm losing people
 - I have my loyal group but being poached
 - I've been working with Keeyask I've been working with Husky, we talked to them
 - But it's the same builders
 - The builders at Keeyask are the builders of here, the builders here are the builders of Husky
 - Same guys
 - Only so many people that build this work
 - Up and comers but only so many people
 - So you're going to be on a team
 - If I wasn't here I would be at Site C or Keeyask
 - You can talk about cost that's one thing but as far as productivity is right there
- **Do you know how many hours have been incurred today?**
 - About 15 million
- **Do you know what expected remaining?**
 - I'd have to do a division
 - I think we'll end up at 1 million left
 - Overall about 16 total
 - I would say
 - I had 13 at the end of the year
 - I've got my subs and everyone else In that number
- **Proposal had 6.8 million, so it is almost just a little over double?**
 - It will be 2.5x – the cost
 - Forecast to complete probably about 1.4 billion dollars in straight labour
- **I think what I am hearing, is that the bid estimate with 6 hours really should have been double to take it to a more realistic number?**
 - 2.5 times
 - Yes
 - In the province, and you can do the research, no contractor takes risk on labour
 - Nobody
 - Only because of the agreements and everything else
 - Hebron, long harbour, they're in the same boat – double and triple
 - I think long harbour was 3-4 times private
 - Hebron was the same thing

- If you look at contracts that now exist on site, I'm guessing except for Andrtiz most of the other contract have no risk on labour or have a cap on labour with Nalcor taking the risk on labour or to cost reimbursable
- North spur was cost reimbursable
- Nobody taking big risk
- But big risk here and on any job is labour
- Paying man \$100/hr (incl. union dues, travel)
- Doesn't take long
- One man \$1000/day
- Have to make sure he's running
- Not take home pay
- **What is your interaction with Nalcor project management?**
 - My whole history, and reason I'm successful, and you've probably read my CV so you'll see I'm not a doctor, I'm not a PHD, but my whole career has been built on relationships and making those relationships work
 - Effectively working hand in hand with the client
 - This hasn't been the case
 - This just hasn't been the case
 - No matter how hard I try, I just can't get there
 - I don't know the history
 - I don't know if some people like Astaldi, don't like Astaldi, are upset at Astaldi, if the cost is freaking them out
 - But we haven't been able to build a relation of trust
 - There's no real trust there
 - Where we could take advantage and they could take advantage in a good way, of being able to feed off each other, to do what's best for the project
 - I'm just there to share
 - I've got a lot of experience
 - I've built a lot of this stuff
 - I've managed a lot of the people
 - I have a lot to offer and my team does have a lot to offer
 - But, in this case everything has to be proven
 - We have to deliberate
 - always a worry of a claim
 - always a worry that were after something else
 - it's a not trust relationship
 - are we courteous yes, are we nice
 - But I've learned early on I do what they tell me
 - I don't have the freedom of taking initiatives, that are not sanctioned by Nalcor
 - Working with unions have to go through Nalcor
 - Safety report all have to go to Nalcor
 - If I change on the job to better the job
 - By the time I get an answer it's too late
 - I don't have any choice, I'm a contractor, I have to build a job
 - In these jobs, Time is money
 - Even though you have an advantage, that Window is probably 2-3 days then lose the advantage
 - So you have to do it another way or you can't take advantage of this
 - Can we fault Nalcor for that?
 - This project is so highly politicized and scrutinized
 - Everything goes in the press
 - Bunch of people are afraid to make mistakes
 - You have a bunch of people who are afraid to make a mistake, and that's what we're working with
 - Can you fault them, I don't know
 - Maybe he's afraid of his job his direction

- Maybe, maybe I don't know what that is
- **Who would be your key contact with project management?**
 - My key contact is Scott O'Brien
 - Scott and I are courteous to each other
 - But Scott's the boss
- **Doesn't want your feedback?**
 - He'll listen, but it's his way
- **Could you give example of something that you remember that happened?**
 - So many things that happened
 - I just don't like pointing the finger like this
 - This is not my nature
 - Like I told you
 - I work on relationships
- *(Legal Counsel) - we went through same thing with George – I've indicated reluctance on all of you to point fingers in part because its ongoing project*
- *(Legal Counsel) - your compelled to answer the questions*
 - Well we have issue going on right now
 - It's called a crane ramp, I don't know what George told you about it
 - It's a crane ramp
 - There's an issue with the design of this building, of this crane ramp where overhead cranes work
 - The big yellow ones
 - You got two small ones, but the big ones
 - Everything that goes wrong is contractors fault
 - The first letter we get, this is your problem you fix it
 - Right now we've been working on this project with no other choice
 - And we've been directed to do it
 - With no explanation and no payment
 - When you get directives, it's in the contract
 - We can't stop
 - That's it, do it
 - Or something bad will happen
 - You'll be in default
 - This is going to cost about seven million dollars
 - That's a big deal for us
 - That's a big deal for them too I imagine
 - Trying to prove that we didn't do anything wrong
 - We hired a mutual independent engineer to try and be fair, have a look at our side, have a look at their side and take everything into consideration
 - The first draft comes out its obviously there's a design issue
 - It really is
 - Nalcor is still pushing really hard to make it a construction issue
 - You're working with, it's like being deceived
 - You're trying to say well doesn't make sense
 - Having hard times right now and 1.5-2 million that we've spend already would really help us
 - Nobody wants to
 - Walters report will come in on the 14th of September, yeah probably today
 - I'm sure there's going to be 4 -5 iterations again and arguments and everything else and try to try and focus on making contractors issues and we'll probably have to give 50 cents on the dollar
 - That's the way it's going to be

- Take it or leave it
- Those are the types of things that happen
- Happen on a fairly regular basis
- On smaller issues but that's it
- On the commercial side they direct us to do work that we don't feel is in our scope
- Then we do work and after that we have to argue about how much it costs
- Then they will drag that on for 6 months 8 months
- Then after that gets paid 20-40 cents on the dollar
- Sometimes nothing, but it's always in our park
- Quite a few issues like that
- **Meetings with Scott, would many be on site here or are they all done remotely?**
 - 2015 and 2016 and probably 4-5 months of 2017 there was an engagement with Scott and he was on the phone
 - Since then there has been no real engagement by management
 - You see every decision made on this project is made in St. Johns
- **Physically on site when you say engagement?**
 - No Scott doesn't make it to site, maybe once a month
 - I'd say in the last four months
 - But he probably has other things, that's why I don't like pointing the finger
 - He probably has other things
 - But, he's not there
 - His people, his staff do not have the authority to make a decision
 - Probably max they can spend on a two billion dollar project is \$25,000 change
 - Field work order
 - They can assign that without anything
 - In 2017 I was running at \$1 million dollars a day for 9 months
 - Anybody knows in this business that there's going to be changes on the work
 - Changes to the tune of anywhere from 10-25%
 - History records, you're going to find them
 - If I'm doing a million dollars a day at 10% close off \$100,000 or \$500,000
 - Let's say its 5% its \$50,000
 - Have to ask permission and at the end they decide not going to pay or within your scope
 - The contract is vague enough to read it any way you want
 - You can interpret the contract anyway you want
 - I would say for the owner the contract was skilfully written
 - Very one sided contract
 - This is my point of view
 - No North American contractor would have ever, ever have signed that contract
 - If you signed that contract, there should have been expectation of working together
 - Understanding and working together

- If they did do due diligence at the time, they probably
- Now I worked for another company, I know what all the bids were
- Now I know what all the numbers are
- Even if it was from 1-2 Astaldi being at 1 and the other guy being at 2
- As owner you're probably saying let's budget money on the side and give it to these guys and have money to work with them
- Obviously you have to know there's an issue, you have to
- Go buy car, \$40,000 for truck and can get one for \$20,000 you don't have a spare tire, there's no air conditioning, the back seat is gone, you don't have tinted glass, there's something wrong, there has to be
- Unless clearly vetted and guy hired made big mistake or was gouging
- Astaldi took this job with overhead and profit at 7%
- Astaldi financing this project
- My opinion
- On the Nalcor side well they had a budget to work with so that's probably why they're managing the contract the way their managing it
- So highly politically scrutinized that they're afraid to make decision
- This commission is probably putting a strain on our relationship right now
- Because they are afraid to make a decision
- They are afraid to get scrutinized by the public
- Like what if I help Astaldi, they are going to fire me, they are going to throw me in jail, they are going to say I made the wrong decision
- When in fact that's probably hampering them from making right decision
- This commission probably got those guys scared
- They are scared
- We've noticed the change
- I've noticed the change
- In the operations since the commission has been announced
- And how it's come up
- We're being scrutinized, were bring watched, were being checked, for whatever reason that's happening
- You can imagine the pressure that must create on some individuals because they made decisions in the past
- They had no choice but they are hard to justify
- How do you explain to somebody that's not Mr. public how you make a decision
- For me as a builder I make the best decision I can at the time with the information I got. Looking back was it the right decision? Probably not today but that day it was
- All in the way you look at things
- Here you (the public) sees \$13 billion dollars
- And your to blame SNC or Astaldi

- Public is looking
- And I don't know who it will serve in the end because the projects still going to go ahead, and they are going to finish it and they are going to pay for it
- people seem to have to find somebody to blame
- complicated projects
- complicated work
- So many moving parts that you can't get it perfect. Impossible
- Could they have done something different with the budget at the start? Maybe
- Maybe, was the assessment made wrong, maybe
- To say that the project doubled in size
- obviously something was missed
- The risks were probably not well considered
- The man hours and the big risk is labour
- Probably not well assessed
- *(Legal Counsel): I should let you know, it just occurred to me – he has not seen Grant Thornton's first report. I haven't intentionally held it back or anything, but he hasn't read it*
 - I haven't read anything
 - I read Astaldi stuff
 - I'm giving you just my frank opinion
 - They gave the boys at Nalcor a job to do with a certain budget and contract and that's what they are doing
 - Blame them for being upset
 - If your contractor came in your house and it cost twice as much you'd be upset too
 - But darn it, you have nicer windows, lawn, you know
 - It's what you want
- **Works out to be about a year of delay?**
 - Because your starting in winter months
 - Cost and time could be multiplied by factor of 2.5
 - 2.5 months in winter to do 1 months' work in summer
 - That's fairly well known
 - Most people that work projects in the north would know that
 - At the time if I would have been involved at the time of the signing of the contract, probably would have tried to convince, me personally, probably would have tried to convince everybody to set the start date as March 15 of the following year rather than bust yourself up for 5 months to achieve what you could pick back up in a couple months
 - Would have had more solid planning and solid approach
 - Like what I did in December 2015 – March 2016
 - Sit down and plan and really look at what you're going to be up against
 - But that's hindsight
- **When did Astaldi communicate that we were delayed in terms of when we thought we were going to start that the schedule that you have has to change or be adjusted or were not going to make it**
 - I think the individual with Astaldi were very optimistic
 - Most construction teams are very optimistic people
 - They always think you can make it up or make it back
 - I think they worked together with Nalcor on recuperation plan and probably convinced themselves and Nalcor that it could be caught up

- That's what I'm thinking
- **Was there a catch up plan? Did you see it?**
 - No I did not
 - I hardly read anything in the past, I read a little bit on the execution plan but that was it
 - Looking forward from where I was at
 - Rescheduled the job and everything we said we would do and achieve and we did that
 - With safety,
 - Quality
 - Production
 - Cost
 - Cost being the factor here
 - To get this you have to pay this
 - That's what it's going to be no matter who pays it
 - You can bring in any competitor and it would cost as much if not more
 - Only because it's the same people that build
 - Team you bring in is no better than team taking your out
- **Can we talk a bit about the integrated cover system**
 - Not very much because I know nothing about it
 - When I came in ICS was half built
 - I understood issues took time to put in place to make decisions
 - Whether to go ahead or not go ahead
 - Issues with the excavation, issues with the redesign
 - As far as the ICS I have no past experience with this I don't know what happened
- **Do you know whose idea it was? Was it Nalcor was it Astaldi?**
 - I think it was presented in the bid – I think
 - And I say think
 - Must have been presented during the tender phase
 - How to improve productivity
 - How you could work through the winter
 - How this cover system came into place
 - Had to get it built at the right time and start at right time
 - Building got bigger than it was supposed to from my understanding
 - By the time you had all that in place, It was ineffective
 - For me your better off to shut down for 3 months, plan it and execute
 - We worked all through winter last year quite successful and productive but we were prepared for it
 - Areas where we were pouring weren't from here to that building, you saw the project
 - They were more localized
 - To me personally, where do you build it unless its smaller buildings or something like that
 - I think idea is okay
 - I'd be able to convince you most likely that this was the way to go
 - Concepts right
 - We got a building we put it over
 - We can go through and keep doing this
 - Yeah that makes sense
 - At the end when some pieces start falling apart
 - The design is late, getting the design approved
 - Trying to put it up in the winter
 - The rock is different so you have to redesign the columns
 - You got to pour a wall
 - All these things weren't there at the conception or the bid phase
 - Maybe a re-evaluation of building before might have been something you could have done

- You know
- I don't know
- I hate to criticize anybody ahead of me because I don't know what it was
- **Do you know if Astaldi had experience with Integrated Cover Systems?**
 - I don't know that they have
 - I personally don't know
- **Do you know if since this project if they've since used it as part of their solution?**
 - No
 - I don't know that they have
 - *(Legal Counsel) – do you want any documents in relation to ICS, or are the answers sufficient for you?*
- **For now answers are fine**
- **Issues with ICS did they result in schedule delay?**
 - Yeah I would imagine they did
- **When you get there, start taking it apart?**
 - Yes, I took it apart in October
- **Is delay being discussed?**
 - We rebase lined our schedule and trying to catch up
 - Fairly simple
 - I say simple
 - Certain areas you can pour and so many hours to long to cure
 - And you can make another one, and that's a calculation
 - With areas left set schedule in such a way to maximize anything we can do
 - Always about trying to accelerate, not so much accelerate, but to do the best you can
 - To get job advanced
 - We understood that we had to meet production targets otherwise they probably had the wrong guys
 - That's what we did
- **I understand agreement now about 1.83 billion, is this still best estimate of cost?**
 - No
- **Tell me a bit more**
 - Since signing the agreement there's claims and delays involved, extra work involved
 - Not taking into consideration the 1.83
 - Also in the 1.83 there is a clause for extraordinary risk for \$50 million dollar
 - If you read the contract at the end of the job, there's a \$50 million dollar bucket there for extraordinary risk
 - At end of contract depending on the things presented in extraordinary risks whether Nalcor's going to give that money or not
 - The price on a contract is developed with the information you have at the time to develop that estimate
 - There was no contingency in the 1.830B not for Astaldi, might have been for Nalcor, but not for Astaldi
 - 1.830B was the best that Astaldi could do with information they had at the time
 - Now bring in other contractors other conditions, bring in whatever
 - And those will increase
 - Of course
 - It's not an unreasonable expectation in contract world that they wouldn't increase
 - It's not an unreasonable expectation
 - That's why I think they control our changes so hard and they push back on our changes
 - Want to stick to that
- **It's not going to happen?**

- As far as I'm concerned it's not going to happen
- Will we be in dispute and fight? Probably
- **In terms of site management, what security measures were in place on site? How were tools material and equipment stored when they weren't used?**
 - For us we have tool cribs as a contractor and everything else
 - But there was no searching, no checks, it was free in and out
 - Materials and tools could disappear
 - We believe they have
- **Is that unusual for a project like this? How would the security measures compare to other projects that you would have worked on?**
 - Most of the projects I worked on you had to get on plane on site and you had to go through a screen and whatever
 - You weren't riding a bus into town every night and didn't have pickups and suppliers coming in and out all the time
 - One of my ex bosses, once told me he worked for a gold mining operation, previous to this he said hey Don
 - I probably shouldn't be saying this but
 - Hey don most of the time I don't have security at the gate
 - Because most of the time I pay twice in security cost for what they're going to steal anyway
 - It's probably cheaper for me not to have security
 - That's probably the case
- **Was the site restricted to workers only**
 - Yes, workers staff, and subs and suppliers, deliveries
 - Odd spot check for booze, pickup trucks
 - Or if you come in at odd hours they will check
 - In general there's no security
 - Hey these guys are going out
 - Informal bag check maybe 3-4 times
 - Just a spot check
 - Nothing
- **Bottom line, what do you think happened here? How are the costs so much more than the budget?**
 - As I mentioned, I think budget itself didn't take into consideration or really evaluate the risk properly
 - Biggest risk was labour
 - Doing the analysis of what had been achieved in the province over the past year or past 20 years on different projects would have probably tweaked you to here's a problem, a bigger risk
 - That could have tweaked it
 - Labour being big part
 - What went wrong
 - I don't know
 - Newfoundland fell in love with the project
 - People fell in love with that project and it probably thought it could have gotten done for \$6 billion dollars
 - Do a check across Canada on major project
 - The overruns are on time on budget
 - That's a matter of how you look at things
 - Some people have bigger budgets than others
 - Some people may brag about those sorts of things
 - What went wrong, I don't know
 - You have to believe in your number, getting it at the right price in there
 - To ever have any chance

- Project doubling or going over by 25% is being real with yourself and making sure that you went to every length to analyse the risk and the possibilities and be honest to yourself
 - Labour again, hate to be negative, but lot of political pressure to have all Newfoundland built
 - Getting skilled individuals that would have helped productivity from outside of the province was not an option
 - Only when everything had been relieved
 - The house wives, the pizza guys, whatever
 - If you went against that you got grievances
 - I've got numbers that show we instituted medical for workers 3-4 months after I got there
 - I noticed on site there was a lot of unfit individuals
 - Not bad individuals
 - Good hearted, they need a job, but to build \$2 billion dollars' worth of work need skill
 - And you need to be able to tell the guy pick this up and do this and that's where it does
 - You don't have time if you're going to meet these numbers
 - Working with the 89% , we had 89% of the individuals, 50% of my staff were from the province, with that limitation what went wrong
 - I think it's strictly politics
 - The pressure to get the job done
 - To get done for Newfoundland
 - Pressure to appease the Inuit, the Labradoreans, include everybody, make it a nice-nice
 - End of day it costs money
 - You can fool ourselves that it doesn't, but it does
- *(Legal Counsel) – you mentioned the medicals*
- Sorry lost track of that
 - Instituted medicals, and the last time I did the number we sent 6,900 people through medicals to see if they fit and in that you have drug, alcohol and limitations
 - 1,700 failed
 - Your expectation when I'm hiring from a union is you're going to send me guy that's fit has skills to do the work
 - That's all I'm looking for
 - I can take attitude
 - I like a little bit of attitude
 - Trained and can do the work
 - That's not at all what you get
 - Until we instituted the medical
- **What happened to 1700?**
 - Didn't get a job
 - **That was after 2015?**
 - Yes, so that applied to 2016-2017
 - So we got better, healthier
 - Had 2-3 heart attacks right on the job
 - What do you do with the guy 200ft up in the air or 140ft up in the air, gets dizzy and forgets to tie off
 - It's not because they are not good people as I said
 - In this industry you still have to be fit to do the work
 - If your fit and you have a good heart we can work with that
 - If you have skill it's even better but have to make sure you're ok
 - Me as project manager that my biggest risk

- First concern is making sure safety right
- Once that's right you'll get production risk
- Just making sure that people are healthy and can do the job and they won't get hurt
- Other issue is with unqualified people going to get hurt
- Took step further and started asking for skills
- The training
- High angle, fall arrest training
- Equipment training
- Man lift training
- Had to have those certs
- Initially they didn't
- We insisted on it
- Talked to unions
- **Prior to May 2015 when you come on, how many workers were hired?**
 - Let's say staff about 200-210
 - Craft were about 1200-1500
 - I'm stretching that
 - Peaked out at about 2,500 staff in 2016-2017
 - Craft I mean
 - On a 2:1 so that's on pay roll
 - Probably 1,800 on site
 - 1,000 day shift
 - 600, 700, or 900 on night shift
- **I think that health check increased productivity meeting the time and the schedule is that correct?**
 - Yes, at least you knew what you were starting off with
 - Getting into numbers, we had I think 81 light duty cases on the job
 - Couldn't perform their job
 - Guys just walking in twist their ankle first shift
 - Individuals really out of shape
 - I understand I get people have to work
 - I get all that
 - But I have a duty to manage
 - Doing the right thing is not always seen as the right thing in the eyes of the individual
- **Where you ever asked to do anything that made you feel uncomfortable?**
 - For me, not uncomfortable
 - But I'll tell you that personally they can kick me offsite tomorrow morning for no reason
 - Whether I'm right or I'm wrong
 - Yeah a lot of times I feel uncomfortable, nervous
 - My reputations on the line
 - For me, I've never had to deal with this it's basically do it or else kind of approach by management
 - Not bad guys, probably the only way they learned how to manage or they have so much fear, they are so threatened, they're at the point where do it or else
 - Quite often situations are uncomfortable but I respect my bosses and my owners
 - They are my client and I understand that I do what they have to do
 - I do fear retaliation

- Sometimes I would push issues a lot further but I don't feel comfortable in doing it
- Because I fear they might retaliate in a way that affects me and my reputation
- **Have you seen them retaliate in any way?**
 - They sent letters
 - Had few individuals that were loud in meeting
 - You get emotional in this business
 - Need thick skin
 - This ain't kindergarten
 - Construction there's emotion there's passion, you need a thick skin
 - Sending letters over to tell us that next time this guy if something happens were kicking them off site
 - You were talking about two lead managers
 - But it's totally one sided
 - Can't say anything
 - Because in the contract it says to their sole discretion
 - You can't even argue with them
 - Most of the time in the contract sole discretion means I'm going to sit down with you, Mr. Don, and I'm going to talk to you about your people
 - Have a chance to collaborate or interchange than this is what I'm going to take
 - But you get a warning for it or you get not a contractual letter because you told them
 - And individuals that told them were right, which makes it even worse
 - Because the individual that challenged them were right
 - They directed me a couple of times to do that were not in my scope of work
 - Which I didn't do
 - Got a letter saying they were going to throw me off site, that was for moving a container
 - which was petty
 - I couldn't believe this happened
 - So the threats are real
 - I took on the job to finish the job and to do the best I can
 - Respect the people I work for I understand they have pressures
 - I understand they have bosses
 - But the freedom of talking
 - Just not where it should be
 - From my point of view
 - Sometimes I'm scared
 - Check my cv, Call anyone you want on that cv, I could walk into any president vice president office in Canada with anyone I worked for before
 - I'm going to get a good handshake

- Here they use the nice nice tactic until they get what they want, then it's back to the you know There is going to be pushback in construction
- But you know, you got the records, check the letters
- I can't be wrong all the time
- I can be wrong sometimes
- Same as any relationship
- Your wife is right half the time
- She's probably right all the time
- So this is the relationship
- I can't be wrong all the time, my people can't be wrong all the time
- What I'm doing can't be wrong all the time
- It just can't be
- Somewhere I got to win once in a while and say yeah your right Don
- We've never had a thank you you've done a good job
- I gave up 4 years of my life to help these guys
- Not Astaldi, I came to help this job
- Astaldi is the company I work for but
- I've not once done anything not to move this project ahead and make it better
- Despite the cost, despite anything
- As far as Astaldi's concerned, I have done best for the job since I've been here without hurting Astaldi
- I've done best for the job
- I've convinced my bosses to do best for the job
- That's what I've done
- After 4 years of It's like being paid to be in jail
- Get up 415 every morning no later than 6 no mature what
- 5 o'clock I'm through that gate in the morning
- My first meeting at 6am
- I prepare my notes at night and from 5:30-6
- Start first meeting with all operations staff
- Don't get out of the gate before 6 if not 7 every night
- I've given up holidays I've given up everything
- No pity here, I'm just telling you what it is
- I've done everything I could to make this job successful
- The money? Well the money is what the money is
- **Is there anything else you would like to share with us today?**
 - No
 - Listen you've been out there, beautiful job

- Its big it's nice
- It's well built
- Its world class job
- Unfortunately, because of political pressure
- Not normal
- Listen painted with that brush that's all
- Look in news
- Problem is I was nothing
- I take it personally
- **We may down the road need to reach out with more questions it that okay**
 - No problem
 - I just don't like being confrontational
 - Fighting is not my deal
 - Speaking badly have issue with it
 - Some people can drive with the juggler
 - Always try to look at the other side why people behave in such a way
 - Under different circumstances they probably wouldn't
 - Some people are driven to do things
 - Project under heavy pressure
 - Sole discretion thing we talked about a month or 2 ago they kicked 3 of my staff off no reason with no explanation
 - If you don't think my fear is real, it really is
 - Yeah I'm scared about that
 - I bounce back
 - But it's devastating to your career
 - I'm 62 years old, and you came here to help
 - It would be a pretty hard blow to me personally that that's the direction they are taking, kick me off, or kick Astaldi off
 - Yeah would be a fairly big blow for us
- **Stopped 11:32**