

From: jamesmeaney@lowerchurchillproject.ca
To: [JANEGA, RICHARD](#)
Cc: [Paul Harrington](#); amanzer@casselsbrock.com
Subject: Principles for MWH IE Engagement
Date: Wednesday, April 29, 2015 3:00:11 PM

Hi Rick

We have been getting some "offline" feedback from Nik that what MWH are contemplating with respect to Derrick Penman playing a greater role and Nik transitioning to a contractor may not meet our collective desires to have continuity, including Nik leading the IE team. As a result, Paul and I spoke with Canada and Alison earlier this week and we have developed the principles below which MWH must satisfy for us to consent to changes in the IE personnel arrangements. In order to be proactive on this matter, the objective is to send this to Patrick Corser by mid-day tomorrow (cc:ing yourself and Canada) to hopefully facilitate a satisfactory resolution. Would greatly appreciate any feedback you may have. By all means feel free to give me a call if you wish to discuss further.

Thanks

Jim

[Principles for MWH Provision of Independent Engineer \(IE\) Services to the Lower Churchill Project](#)

1. MWH shall ensure that service levels are not reduced and that there is continuity of experienced and qualified personnel acceptable to Nalcor/Emera/Canada, with particular emphasis on the individual responsible for leading the MWH IE team through the Phase 2 - Construction Period scope of work.
2. The services provided by MWH must be carried out by a person or persons acceptable to Nalcor/Emera/Canada who is/are highly qualified and experienced in the overall assessment of Hydro electric Projects, including coordination, scheduling and project integration. Staffing is to be consistent with recent past practice because this has evolved into an efficient and timely IE review process.
3. Cost of services provided by MWH cannot be increased without the approval of Nalcor/Emera/Canada, including as a result of any additional levels of review or assessment.
4. The processes; reporting format, contents and style; and the timelines established under the Project Finance Agreements for IE review of the Construction Reports, Funding Requests and related documentation to facilitate issuance of the monthly Draw Confirmation Certificates cannot be changed or negatively impacted in any manner.
5. MWH have been and continue to be responsible for all internal quality control at no additional cost to the Client and without impact on the timeline for delivery.

6. MWH liabilities and insurance requirements are unchanged from those agreed to in the original IE agreements with Nalcor/Emera and subsequent IE reliance agreements involving Canada.

7. This is a long term engagement and relies on continuity of MWH qualified and experienced personnel who are familiar and knowledgeable with the Project, the sensitivities involved given the various key stakeholders, and Project personnel. There is no issue with using contracted personnel provided they meet the specified criteria (we note several engineers involved to date have been contracted by MWH).

8. MWH are responsible for staffing to meet these principles without increasing costs or negatively impacting the services provided as determined by Nalcor/Emera/Canada.

James Meaney

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