

**Professional Services Agreement for Technical Opinions
Lower Churchill Project - Muskrat Falls**

(herein after referred to as the "Agreement")

Entered into on 4th day of June 2016 (Effective Date)

BETWEEN: **ILF CONSULTANTS, INC.**, 400 112th Ave NE #205, Bellevue WA 98004, U.S.A.
(hereinafter referred to as the "CONSULTANT")

AND: **ASTALDI CANADA INC.**, 114, Hamilton River Road, Goose Bay, NL A0P 1C0
(hereinafter referred to as the "CONTRACTOR")

IT IS HEREBY MUTUALLY AGREED AND DECLARED BY THE PARTIES:

A. RECITALS

WHEREAS:

1. CONTRACTOR and Muskrat Falls Corporation ("COMPANY") have entered into an Agreement for the construction relating to the Muskrat Falls hydroelectric generating facility located in the province of Newfoundland and Labrador, Canada;
2. CONTRACTOR desires the performance of a Technical Consultant and Professional Engineer licensed in the Province of Newfoundland and Labrador to perform technical services, as described in this Agreement;
3. CONSULTANT and its affiliated companies are engaged in various types of construction projects which require technical opinions on issues related to engineering services ("Services") required for the Lower Churchill Hydroelectric Project;
4. CONSULTANT has experience in providing such Services and is willing to consult for CONTRACTOR on the terms and conditions as set forth below;

B. TERMS AND CONDITIONS

1. SCOPE OF WORK:

CONSULTANT will provide a written scope of work to CONTRACTOR for each assignment unless otherwise agreed upon by both parties. Changes to project scope in progress are to be agreed upon in writing by both parties. Initial scope of work is as follows:

- 1.1. CONSULTANT will provide engineering services as it pertains to power house draft tube formwork and associated temporary structures work. CONSULTANT will provide a licensed professional engineer in the province of Newfoundland and Labrador to oversee the following items:
- 1.2. Develop an engineering and testing plan as required to obtain OHS release of stop work order in the Power House.
- 1.3. Provide oversight to execution of the engineering and testing plan in Item 1.2.
- 1.4. Lead inspection of Draft Tube 2 failure study and design analysis review to determine probable cause of Draft Tube 2 Elbow formwork failure.
- 1.5. Provide recommendations regarding changes to draft tube formwork design, review, and inspection process, if any (as identified in item 1.3).
- 1.6. Support CONTRACTOR in planning entrance into Draft Tube 2 failure, planning of removal of rubble, and demolition of concrete rejected by project engineer of record (SNC-Lavalin).
- 1.7. General technical support at the direction of CONTRACTOR as it pertains to temporary project works.
- 1.8. CONSULTANT's Project Manager, Tim Wellert, P.Eng, will serve as the point of contact for technical and commercial issues.
- 1.9. CONSULTANT shall coordinate with CONTRACTOR's Technical Manager, Giuseppe Mazzucco for all assignments.
- 1.10. CONSULTANT shall comply with the health and safety plan as established by the CONTRACTOR for all work performed on site.

2. COMPENSATION AND PAYMENT

- 2.1. CONTRACTOR shall compensate CONSULTANT in accordance with the fee schedule included as Attachment 1 to this Agreement. CONSULTANT shall receive payment within 30 days upon submission of proper invoices to CONTRACTOR.
- 2.2. CONTRACTOR shall submit LEM (Labour, Equipment and Material) sheets to CONTRACTOR for approval. The daily time sheet template and process is included in Attachment 2 - LEM process.
- 2.3. CONTRACTOR shall duly approve the LEM sheet and return to CONSULTANT.
- 2.4. All rates and prices of this Agreement shall be in Canadian dollars.
- 2.5. Addition and removal of CONSULTANT's staff is to be approved by CONTRACTOR prior to mobilization/demobilization. Labor rates for new staff are to be provided to CONTRACTOR and agreed upon prior to starting work.
- 2.6. CONSULTANT shall submit invoices on a monthly basis to CONTRACTOR based on labor hour, equipment hours and material costs included in approved LEM sheets.
- 2.7. CONSULTANT's invoice package shall include CONTRACTOR approved daily LEM sheets.
- 2.8. CONSULTANT will provide room and board for all CONSULTANT's employees working at project location in Goose Bay, unless otherwise agreed upon in writing between both parties.
- 2.9. CONSULTANT will mobilize staff to site at the direction of CONTRACTOR. On-site dates are to be agreed to upon prior to purchasing airfare.
- 2.10. Expenses: Travel and associated expenses (meals, taxi/rental car, airfare, lodging) to be billed to CONTRACTOR at cost plus 5%. All other expenses are to be pre-approved by CONTRACTOR and billed to CONTRACTOR at direct cost plus 15%.
- 2.11. CONSULTANT's staff travel, as required for project work, is to be billed as actual hours spent in the process of traveling, up to 12 hours per day.

3. TERM

- 3.1. The term of this Agreement shall commence on the Effective Date and shall continue for a period of one (1) year. Consultant shall provide services on an as-needed basis.

4. INDEPENDENT CONSULTANT

- 4.1 CONSULATANT specifically agrees that it is and shall remain during the performance of such Services an independent consultant, and shall not be considered an employee of CONTRACTOR for any purpose.

5. JOBSITE

- 5.1. The project Site for Muskrat Falls is located on the lower reaches of the Churchill River approximately 35 km west of the Town of Happy Valley - Goose Bay, NL.

6. INDEMNIFICATION

CONTRACTOR and CONSULTANT shall hold each other harmless from and indemnified against any and all claims, losses, damages, costs (including legal costs), expenses and liabilities of every kind and nature resulting from personal injury, including disability and death, of their respective personnel, as well as for claims in respect of loss or damage to property of their respective personnel. For the purposes hereof, personnel hired by CONSULTANT as agency or otherwise in connection with WORK shall be considered personnel of CONSULTANT. The liability of each party as stated in this clause shall be limited to the value of insurance as stated herein , which lead to the loss, damage or injury for which such party has assumed liability hereunder, except to the extent that the Claims were caused by the negligence or wilful act or omission by the causing party.

7. INSURANCE

- 7.1. CONSULTANT shall at all times while conducting the Work carry the following insurance, with limits not less than those specified below, as well as insurance which:

7.1.1. is required by Applicable Laws; or

7.1.2. is reasonably appropriate in respect of the Work to be performed.

- 7.2. When requested to do so by Contractor, Consultant shall provide or cause to be provided to Contractor certified copies of such Consultant insurance policies or such other evidence of insurance acceptable in form and content to Contractor acting reasonably. Consultant Group shall not perform the Work during any period when any required policy of insurance is not in effect.

7.2.1. Professional Liability

Professional liability insurance with a coverage limit not less than Canadian One million dollars (\$1,000,000) per claim covering all the services provided by Consultant to Contractor under this Agreement.

7.2.2. Workers' Compensation

Workers' Compensation coverage for all of its Personnel engaged in the Work in accordance with the Applicable Laws of the jurisdictions in which the Work is performed.

7.2.3. Employer's Liability

Employer's Liability insurance, with limits as required by Applicable Laws, but not less than Canadian five million dollars (\$5,000,000.00) covering each employee engaged in the Work.

7.2.4. Comprehensive General Liability

Comprehensive General Liability insurance written on an occurrence basis with limits of not less than Canadian five million dollars (\$5,000,000.00) per occurrence for bodily injury and/or property damage including contractual liability, sudden and accidental pollution liability for risks assumed by CONSULTANT, broad form property damage, personal injury, CONSULTANT's protective liability, completed operations for a period of not less than twenty-four (24) months, contingent employer's liability and incidental medical malpractice.

7.2.5. Automobile Liability Insurance

When not otherwise covered by CONSULTANT's Comprehensive General Liability policy, CONSULTANT shall obtain and maintain in effect automobile liability insurance covering all licensed vehicles whether owned, non-owned, leased or hired. Such insurance will provide a minimum combined single limit of liability for bodily injury and property damage of Canadian five million dollars (\$1,000,000.00) per occurrence.

7.2.6. Property

"All risks" property insurance covering all real and personal property which CONSULTANT owns, leases or has in its care, custody or control including all machinery and equipment to be used for the Work but not forming part of the Work.

8. CONFIDENTIALITY

8.1 CONSULTANT agrees not to disclose information provided by CONTRACTOR derived while performing Services under this Agreement, to a third party without the express written permission of CONTRACTOR, it being recognized that such information may involve company trade secrets and proprietary information.

9. GOVERNING LAW

9.1. Each party's rights and obligations under or in connection with this Agreement shall be governed by the laws applicable in the Province of Newfoundland

10. FOREIGN CORRUPT PRACTICES LAW

10.1 The parties to this Agreement each agree that they will at all times comply with the provisions of the Foreign Corrupt Practices Act of 1977, as amended.

11. CANCELLATION AND TERMINATION

11.1. CONTRACTOR may cancel all or any part of this Agreement at any time by 15 days written notice to CONSULTANT specifying the extent of cancellation and the effective date. In such event, CONTRACTOR will make an equitable termination payment to CONSULTANT based on the proportion of the Services completed, and the actual direct costs incurred by CONSULTANT in connection with such cancellation. Following any such notice of cancellation, CONSULTANT shall do only such work as is necessary to preserve and protect work completed or in process of completion. CONSULTANT shall submit any claim within 30 days after receiving notice of cancellation.

11.2. CONSULTANT reserves the right at any time to terminate this Agreement for convenience, with a thirty (30) days written notice to CONTRACTOR.

12. ASSIGNMENT

12.1. This Agreement and any rights and obligations hereunder are not assignable by any party without prior

written consent of the other party.

13. NOTICES

13.1. Notices and other communications between the parties shall be in English and shall be deemed to be validly given if transmitted in writing, by registered mail, overnight courier or personal delivery, in all cases signature required, to the other party at the address and to the contact set forth below. Either party may change its address by giving notice to the other party as provided for herein.

CONSULTANT
ILF Consultants Inc.
400 112th Ave NE #205
Bellevue WA 98004, USA
Attention: Tim Wellert, P.Eng.
Tel: (425) 209-4989
Email: tim.wellert@ilf.com

CONTRACTOR
Astaldi Canada Inc.
114, Hamilton River road, PO Box 177, Station C
Happy Valley -Goose bay, NL A0P 1C0
Attention: Don Delarosbil
Facsimile No.: +1 709 752 3879
E-mail: D.Delarosbil@Astaldi.com

In Witness Whereof, the parties hereto have caused this Agreement to be executed by their respective authorized representatives as of the date first written above.

CONSULTANT
ILF Consultants Inc.

By Name: **JAMES A MORRISON P.ENG.**

Signature



CONTRACTOR
Astaldi Canada Inc.

By Name:

Signature:



ATTACHMENTS

Attachment 1 – ILF Consultants 2016 Labour Rates Fee Schedule

Attachment 2 – LEM Process



ILF CONSULTANTS, INC
 123 W Front Street
 Traverse City Mi, 49674

Telefax: 231-943-1351
 Homepage: www.ilf.com



LABOUR RATES BY CATEGORY
For
Astaldi Canada Inc.
Lower Churchill Project – Muskrat Falls

2016 LABOR RATES BY CATEGORY (CAD)

<u>Labor category</u>	<u>Hourly rate (\$CAD)</u>
Principal	\$320.00
Senior Engineer	\$268.00
Project Engineer	\$210.00
Staff Engineer	\$170.00
Administration	\$ 96.00
Drafting	\$128.00

OTHER DIRECT COSTS

Expenses: Approved project and travel expense will be invoiced as actual plus 5%.
 All other approved expenses will be invoiced at actual plus 15%.

Jan
PD

LOWER CHURCHILL PROJECT – MUSKRAT FALLS
CH0007: CONSTRUCTION OF INTAKE AND POWER HOUSE, SPILLWAY AND TRANSITION DAMS

Attachment 2

LEM Process

- 1) Daily LEM's to be completed by ILF Consultants by 9:00 AM for the previous work day, this shall include (Day Shift and Night Shift)
 - LEM's are to be populated with labour hours, equipment hours and materials supplied as part of the performance of the Work,
 - All cost codes are to be provided by Astaldi's Project Controls Department.

- 2) ILF Consultants and Astaldi project supervision shall meet daily at 10:00 AM to review Timesheets and LEM's, discuss any issues and sign the LEM's.

- 3) Disputed LEM's that cannot be resolved shall be directed to Management to resolve.

- 4) Fully executed LEM's will be routed that signature day.

This procedure and the use of LEM's apply to this contract and is a requirement under the terms of the contract.

Jan
PD

SUBCONTRACT SERVICE REQUEST

Number : _____ Date : _____ Pag : ____ of ____

ID	Name	Worker Category	Working Area	Description	HRS		
					ST	OT	DT
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							

ID	Equipment Description	Q.ty	Working Area	Description	HRS
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					

ID	Material	UM	Q.ty	Work Description
1				
2				
3				
4				
5				
6				
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8				
9				
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11				

ASTALDI _____

SUBCONTRACT _____