

From: [Sam Wolyniec](#)
To: [Chris Congram](#); [Emiliano Mancini](#)
Cc: [Tim Calver](#)
Subject: FW: Notes of today's discussion
Date: Thursday, February 11, 2016 9:39:08 PM
Attachments: [image001.gif](#)

Gents,

Below are my notes of this afternoon's meeting with Nalcor.

Please take on board, in particular their comments about our contract conclusions. We will need to incorporate factual errors, and where we disagree provide solid evidence.

Sam

Sam Wolyniec | UK&I Advisory | Capital & Infrastructure

From: Sam Wolyniec
Sent: Thursday, February 11, 2016 6:53 PM
To: Tim Calver
Subject: Notes of today's discussion

Tim – my notes of today's conversation.

Sam.

Comments when reviewing first set of Nalcor comments

- EY noted we hadn't shared the exec summary with OC yet, wanted to discuss with them
- EY said we would do better with reviewing with Nalcor, need to be clear there will be agreements and differences
- Joint reporting - agreed we want to have a review check for factual correctness check - confirm where we agree, where we don't and be clear
- Nalcor want to be able to review the updated version again before it goes back to OC - we say ok, but not multiple iterations
- Paul wanted to know where the 'reasonable / unreasonable' conclusion was as per their scope
- Paul concerned with word 'substantive'.
- Paul concerned with characterization of all contract risks appearing equal alongside Astaldi

Comments when reviewing second set of Nalcor comments

- Note we verbalised the positive comments, they expressed concern that they were not included in the interim report.
- We said will take away the request to add on the good words from Mike
- Paul concerned no perspective provided for the reader who wasn't in the meetings

Document Review Comments

- Exec Summary Slide

- Paul not happy with the statement 6/10 contracted have issues - they believe its 4 only (3 contractors)
- Paul suggested we could describe the statement by saying 'excluding astaldi.. there are two contractors'
- Brian - statement 6/10 gives impression they are out of control
- Brian - Made comment that exec summary gives impression there is a project schedule issue when at detail is contract detail
- Nalcor very concerned with the particular use of language
- General concern that the comments / risks will be taken at a project level not contract level
- Contract Summary Sections
 - Andritz
 - Nalcor say there are errors with andritz. The works are 'Pit free' and not a risk
 - Andritz - needs evidence to support the statements made - Nalcor believe factually wrong
 - Andritz ch0032 - the gates are already open - if not finished they will still do the diversion
 - There is opportunities to complete their scope without diverting the river
 - need the head pond operational before christmas
 - Forecast 50,000 manhours to finish that scope - Paul says not an issue
 - Alstom
 - Pauls view is no cost risk, some delay to contract shedule, but there is float between that date & the project milestone dates
 - Alstom - 0501 second point in slide - language is wrong - should be contract dates
 - Astom 534 - Paul /ed says progress curve still within the late curve so innappropriate to say is a problem
 - Paul asked for statement for alstom - 'nalcor are working hard to mitigate the risks'
 - Astaldi
 - Paul suggests Astaldi should not even be in this report outside of saying 'this is excluded' - that is his interpretation of the scope limit discussion with the premier
 - Valard - nalcor would dispute that there is a risk to claim
 - have not had a claim yet – cant say a claim is likely – on what basis?
 - 2.3% on rebaseline is a pointless item to raise according to Paul - cant then say then is considerably behind plan against the rebaseline
 - disagree with geotechnical comment
 - disagree with cost risk
 - disagree with the word 'accelerate' - asking to comply with contractual requirements
- Impact of Contract Risk on Key project Milestones Slide
 - There are a few key milestones in the finance agreement - we are referencing contract target dates & give the impression they are key project milestones
 - Paul has issue with word milestone on p10, says should be target dates not milestone

- dates
- brian says verbal message very different to written message
- top branch of the tree (valard & Alstom) - nalcors dont agree with this - say is alarmist
- Contingency slide
 - 1st bullet - escrow is an output not an input. Nalcors take exception & say it is a slight on their professional integrity.
 - Jim's suggestion to make a factual comment like - the escrow mechanism for govt is impacted by the forecast reported by the project
 - same for similar comment in executive summary
 - 3rd bullet is a judgement on a historical decision - and in nalcors view is outside the scope of the project

Other Comments

- Nalcors suggest a lot of the language is alarmist, and there are not facts in the document to substantiate the assertions made
- we accept will review our use of the 'claims and potential claims' terms
- Note to self: we should be clearer and more specific. - all statements must include evidence - Nalcors pointing to assertions that are not evidenced within the document
- We advised substantive is 2 months, 5% or 50M
- Suggested we not name the contractors, but reference contracts, because will be in the public domain / searchable on the web
- Brian said what we expressed verbally in the meeting was very different to what he read in the document
 - He said he and the team would be very keen to expend whatever time is needed for further collaboration and discussion like the session today, to get alignment on the facts and messages in the document

Actions

- SW to followup with what we want about the cashflow requests
- SW to come over friday AM to look at cost reporting
- Meeting next week to look at contract to asset roll-up
- P6 data to come over in native files



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