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**To:** [Chelsea Beckett](#)  
**Subject:** Astaldi Notes 4  
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Astaldi Potential Claim Issues August 18 2014

Travel

Power supply

Blast Rock size

Change Orders

Benefits Agreement

Concrete Thermals?

Camp size and availability

LNTP date

See list of promised items from LNTP

Overbreak

Payment

Union Agreement

Late workflows- it just takes one

Blame us for management change out?

Extra cleaning in spillway

Boulders

Lay down area we are giving to Andritz

Scope creep due to field requests

Astaldi counter claims

Productivity

Management change out

Engineering issues

Payment to subs and unions

Hiring of unqualified workers

Safety infractions  
Delay in subcontract awards  
Andritz interfaces  
Lack of mix design

Astaldi Management Call Sept 4 2014

Scott, Ron, Des, Lance  
Jennifer, Manny, Jose

Safety Discussion

Project Update - Astaldi- Safety stand down, progress  
Readiness Review update- Winterization, Concrete mix, etc.

Main discussion topics

- Project Management- turnover- Engineer, Mauro, Mix Specialist, Guido, etc.
- Planning-status
- Productivity performance
- Reputation-Safety, payment
- Payment

1) Jose- Safety incident. Stated they made the decision to stand down and met with all supervisors yesterday. Have reviewed all procedures on JSA's and training capability. Started job again today with 2 hours of housekeeping and then full resumption.

Batch Plant had a lot of safety issues. Looking at start up again today. Will be reviewed with them today. They have concluded that Lab Ready Mix has inappropriate management assigned to the job.

They have hired new safety people, including manager who will arrive in the coming days.

Manny-Safety- want an evaluation for workers that will help not just productivity but safety as well.

2) They have reviewed comments on schedule and resubmitted. They did not meet the 9000 cm<sup>3</sup> for August, but was just over 3000cm<sup>3</sup>. They want some 21000cm<sup>3</sup> for September. Trying to ensure equipment is able to keep up. They want first phase of unit 1 and 2 done by October 31st. Still working on some facilities. New Crushing plant is not working at this point but will be up by tomorrow.

New concrete expert brought in with goal of developing all mixes during September.

3) two material engineers hired for the lab, they are looking at using internal folks to replace the engineering gaps plus bringing people in from SWS. Says as well that Chantal may come back. They say that they are applying for a stamp. Mauro is coming back next week for a week or so.

They have put a mini task force in place regarding the corporate image of Astaldi that includes Matthew Pike, Paul Shelly and Cathy Dornan. This is the right approach and helpful. Offered our help again.

4) They have a 20 point program on productivity. Seems very focused on the worker. Management of the workforce is a focus and needs to be but planning and organization is the biggest key. Jose feels they need to improve communication with the workers including monthly targets, safety concerns, key plans. Weekly plan and next three months plan to be communicated. He feels organization and structure is the key. Wants to do regular PM meeting with supervisors and have regular breakfast with the craft. Also knows that plants must support the project, otherwise productivity will be bad. Manny keeps going to the labour side. Another productivity meeting planned for ten days or so. Key individuals are being looked at as critical to support productivity. They want Union to allow best person in those key roles.

5) Payment - Acknowledged that we are pushing from our end to sort this. He acknowledged that they missed things. Jose said they are trying to fix things but that rotation is causing an issue. I made it clear that I have addressed this from our

perspective. He says they had issues with data but rotation for them also caused problems with Giuseppe out.

Jennifer to let us know what dates might work for Stephano in September.

Need to book table at Board of Trade for September 30th.

Astaldi Discussion Sept 22 2014

For the most part the concrete pours scheduled by Astaldi for September did not happen

They will point at productivity- we need to help them fix it

Spillway schedule slips by 40 days with a shutdown around Christmas and restart in the spring

If they could work on the upstream then this would support Andritz coming in

I believe that our schedule analysis and opportunity identification should then be in a meeting with Astaldi.

Need three different attack fronts 1) workforce opportunities, 2) commercial impacts and 3) senior management

Astaldi Observations E Bush Sept 22 2014

Lots of open workfaces

Areas being worked are not critical path

No visible Astaldi presence from a field engineering point of view

Intake work not in correct sequence

Winter readiness- limited action, Heated warehouse not done,

Plan for second stage concrete?

Site escorts costing us big money

Absence of planning leading to people driving around

Bussing of workforce for breaks

How do we get them to put proper management out without taking over?

How do we get unit 2 covered by November?

Time sheets issue.

Astaldi Mgmt call - [Sept 23](#)

Safety Discussion

Project Update - Astaldi- progress

Readiness Review update- Winterization,

Main discussion topics

-Project Management- staffing

-Planning-status

-Productivity performance

-Reputation-payment

-Payment

Safety perspective - improved safety department with new people including assignment to subs. There was another lock out tag out incident in the last couple of weeks. Informed them we will be undertaking an electrical safety audit.

Progress- still have batching plant availability issues, need to improve reliability of plant, 6 piers by end of October, ICS has to be completed by [October 31st](#) but they expect delays so may need first week of November. Plan to start transition dam by end of October. Purchase orders in place for heaters, expected in next two weeks.

Much of the winterization material is not expected until mid October.

We expressed concern that winter readiness is a little late.

Ron expressed concern that the current schedule from [Sep 11](#) is not being met. Says they can recover. We expressed concern that spillway work is currently scheduled to stop in December. They are looking at how to continue work and meet milestones. They are thinking they can get 50k meters of concrete by December which is a one month delay against the current schedule.

Told them that we would be having a meeting to look at the current progress and issues and that we will likely want to call a meeting with them to discuss.

Original Readiness percentages are in good shape according to them.

We let them know that there needs to be a meeting to discuss winterization readiness.

New site procurement manager [Sep 29th](#), 2 concrete engineers [Sep 25](#), new batching plant guy, new quantity surveyors and sub contract managers. A few new supers in place as well.

Feels productivity is improving, doing some softer things to tie people in. Ticking away at the productivity items like planning and communication.

Payment a concern for them, they need help. Invoices in for April and May, waiting for June and July. Will get back to

Manny presenting next Tuesday, Sept 30th for Board of Trade, Manny to forward deck to us.

Last two weeks of October is being checked on for CEO meeting.

Astaldi Pay Sept 23 2014

- Need to separate how we can pay them some money from what we actually need to attest

- 1) How can we pay them money now?
- 2) Do we continue with our current process and use ADP?
- 3) Do we change our approach and pay based on actual out the door costs supported by documents like CPP, EI, Payroll, etc?

- 1) ADP system analysis, Allison? By October 15th.
- 2) Astaldi to provide a resource.
- 3) WE will pay the invoiced amount less 5%

ASTALDI- STEERING CALL - October 3, 2014

Paolo (CFO), Jennifer, Mario, Ron, Lance, Paul

Paolo wants to understand what the issue is with the invoice process

They agreed that the two teams need to work closer together to work this out

They want to know exact issues with invoices so we can fix it

They are sending a person from corporate to work the payment issue

They are proposing weekly checks versus monthly

I would like to have a weekly payment meeting

There will be a call [next Thursday](#) with all accounting folks

Mario will be there at end of next week, Mario will be there after [Oct 23](#)

Astaldi meeting Rome Oct 8 2014

Attendees Ron Power, Paul Harrington, Lance Clarke, Jennifer Hoffman, Mario Lanciani, Maurizio Robasto

Part time- Massimiliano Arces, plus VP HR

Meeting started with a discussion around commitment, alignment that the same issues existed today that existed a few months ago, that improvement has occurred but more improvement is necessary and that the areas of focus that follow are the key ones.

Actions

1) M. Arces to visit site and do audit, Focus is on 1) reducing high potential rates, 2) training and 3) increasing reporting on low potentials

2) Nalcor to email names to Astaldi and appoint safety person to support the audit

3) A formal opportunity discussion to be considered for communications on a monthly basis



4) Astaldi Key areas to be given attention based upon their assessment 1) communication down through the organization, 2) replacement of certain sector of the craft 3) senior management alignment and 4) more day to day communication between Astaldi and Nalcor senior management on site

5) Bi-weekly management meeting to continue to occur

6) Monthly steering call

7) payment issues to be resolved by [October 15](#)

8) Astaldi to send details on the Peru project that have so a potential visit can be considered

#### AREAS OF FOCUS - LEADERSHIP, EXECUTION, LABOUR PRODUCTIVITY

##### Labour Productivity

9) Lance to start a meeting whilst awaiting hiring of productivity champions. Astaldi have already started work. Maurizio Robasto has been assigned.

10) supervision issues will be worked on by Brian, Andrea Porru and Maurizio

11) Jose Alves has been assigned the task of holding a full team session with Desmond

12) Andrea Porru will arrange Collective Agreement training with Dave Clark

13) Andrea Porru will be assigned task of finding productivity champions with Nalcor. Astaldi has started the job description, Nalcor and Astaldi to share descriptions and start selection by [Nov 4](#)

## Leadership

14) joint Town hall session will be targeted for October 27 with high-level management first then a workshop will follow for those folks below that will lay out the Action plan.-  
Scott-Lance-Andrea and Mario

15) Informal assessment was agreed-upon, third parties will be involved, Astaldi previously used Bain. They will assign Fabrizio Barrossi, we will assign Jason Kean. Focus will be on opportunities and quick wins.

16) Astaldi to do an audit at the end of October and share the results with us

## Execution

17) Mauro Abbafati to be assigned as co-sponsor with Ron Power

18) Mauro and Ron will confirm appointments for each working group

19) although the working groups will be reviewed regularly there will be a specific meeting within a couple of months to review status and further opportunities.

## Astaldi Payment Oct 14 2014

- will pay on basis of ADP money out the door
- weekly review of summary hours by construction manager
- issues identified by construction, accounts or commercial are captured and dealt with by commercial and appropriate support

- issues are then highlighted and fixed or removed from invoice if submitted
- key site issue is for them to identify and fix disputed items

Astaldi Review            Oct 20 2014

Level of detail?

Who is involved?

Who leads it?

Suggesting that we combine both documents

Have Astaldi do the review with our involvement to help protect it

We do two separate reviews

Review one with Bain is section 1 and 3

Review 2 workface planning

Jason, Mulcahy, Ed, Ray, Lance or Collective Agreement

Steps

- 1) Call Rome get alignment
  - 1a) Send list of items
- 2) Decide third party involvement
- 3) Decide our team
- 4) Pick dates
- 5) Costs allocation

Astaldi Prep Call for Week of [October 27th](#)

Mario, Jennifer, Manny, Brian, Lance

Three items - 1) Town Hall, 2) Assessment 3) Time to review everything

Mario informed me that Lab Ready mix has submitted a claim to them

1) They would like to wait until Tuesday to get everyone there.

-Then we can use Monday to plan

- List the game plan from Rome

-We will need to get the collaborative relationship message out

- Need overall project updates

- Astaldi to do project update, I will do overall messaging

- What about a facilitator?

2) Bain is already on site

- They know the project

- They need to be able to talk to folks

- Jason to email Fabrizioo

- They will ask Bain to review the whole list and see if they can do it all

- Will have a call on Saturday