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To: [Chelsea Beckett](#)
Subject: Astaldi Notes 6
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Astaldi Commercial Mar 3 2015

Security-

LOC for \$100 million is clean

LOC for \$102 million is useful until it is clawed back, at that point it may need to be used as a set off

Bond of \$150 million is useful to the extent that Astaldi go under or walk away. It can be collected on if we put them in default but it is much more difficult.

LD's \$75 provide opportunity for relief to be provided without actually hurting us from a cash out the door perspective.

Caveat is, do we need that money to pay for delays caused to Andritz and others.

Key is to keep them engaged and keep their risk lower than the security we have in place, as that risk climbs over the security their likelihood of default goes up.

Additional leverage points: 1) Reputation, 2) stock price, 3) Bonding company, 4) Investment funds.

Could ensure the bond company gets reports and are aware of performance, they may provide resources but they may cause disruption as well

Game plan at working level and strategic pressure level needs to be developed, ie work plans with success measures for April plus KPI's and couple that with messaging to Stephano, investment funds, bonding agency and Mr. Astaldi.

Execution Options - 1) Integration, 2) partnering, 3) split scope or all three. Must make the option their idea and/or get complete waiver from them. Even better off taking on a part of the future risk, ie 80/20 than having them walk or simply not

be able to deliver.

Commercial Options - 1) Assist them but with a risk waiver, 2) Assist them but with shared risk going forward, 3) provide incentive to them to complete the job, 4) take loss payment in form of ownership in Astaldi or other assets.

They need to focus on mitigating remaining risk versus recouping lost opportunity.

On go forward plan we need a combined risk session to ensure risks are mitigated going forward.

Need assessment done on when they run out of money. Not just hit LMAX but other funds available as well.

LD's are not only remedy on delay, we can terminate if the delay is having a material impact on the work.

What's gone well, what's been achieved?

Astaldi Steering Call - March 11, 2015

Giacomo, Maurizio, Ed Bush, Scott, Ron, Jennifer, Mario, Manny

Safety Moment - site safety presence needs to be stepped up

Giacomo referenced New Start Up discussion from December in New York

Objective was to fine tune processes so that ramp up could really take off in good weather.

1) ICS - based on this they plan on working under ICS with cranes working by end March. They have contracted specialist engineering firm to help with design of dismantling of the ICS and enable it to be planned for the most opportune time.

Scott asked if there was a need to review with our engineer and the answer was no as the imbedded parts are not changing.

Parts over unit 3 are being removed. ICS working group can continue but focus will be on getting the cranes moving.

Scott asked if risk analysis has been done on the operations including overhead cranes. Mario has asked that a risk analysis be done to ensure everyone is ready. Giacomo to set something up. We offered up Mike Collins to participate.

Chief engineer starts next week. Giacomo to send CV.

2) Construction Power - Scott stated that we are struggling to get this closed to meet code. Giacomo not saying that it's our fault but he definitely has an opinion that they have done what they need to and that we are holding this up. A meeting will be held today to discuss, including contractual interpretation.

3) Procurement and logistics - the feedback is that improvements have been made and site is getting what they need. Astaldi senior procurement official is coming and we will get Pat aligned with that review. They are working on the Ibbs recommendations as well as Bain. Bain is being used to drive the actions.

4) Jennifer mentioned that there are items like the daily shifts that we can work together on. Site seemed to push back on them about this. What is holding this back? Need a meeting on this. They want to get to 10-10-4 hours, they want to go to 20-10. Giacomo to call a meeting.

5) Plant maintenance has improved drastically. There is an action list and data reported.

6) Good feedback on hiring. Process is working but last hiring and lay off created a large issue.

7) Planning - the 120 day plan is due end of this week and takes us up to end of May. What's missing is medium term out to end of the year and long term out past that. We need it for the camp and interfaces with other contractors. Ibbs has

suggested that they can help with planning by reviewing the plan. I told Giacomo this is their call. Astaldi to provide some visibility on medium term plan by next week.

They have brought in a production man Antonio Pelusi to drive production and ensure construction buy in to the plan.

Ibbs also has offered to monitor KPI's.

8) I referenced the fact that Building Trades are not happy and they need to do something to repair the relationship.

They state that they are almost achieving their original targets for costs per m3 concrete.

Andritz Commercial Update Mar 12 2015

1) CR-245- three outstanding items. a) One item regarding double time we agree on. b) Apprentice ratios, they say 75% productive, we say 95%. Steve has done considerable analysis and we are offering 85% without OH and profit and are offering \$1.8million and we assume we will get \$3 million in the end. c) they want the contract to go reimbursable. We say no.

2) They say there is a \$70k per day cost of delay for the turbine and \$40k for the Gates. They say up to 200 days delay so \$24 million. We will provide a change order that acknowledges delay but asks for a window. Will also state that we told them there was a delay and we expect them to work with us to mitigate.

Astaldi CEO Logistics Mar 18 2015

Blakely Contact

No Surprises

Astaldi production KPI's

Arrive at 2:00, meet 3:30 at Torbay Road

They are on the 7:30 AC flight

Mario arrives on site Friday/Saturday

Manny arrives Monday night

At offices by 10:00 and will meet at 11:00 and tour site

(Arrange a bus)

Will meet in our boardroom with lunch

Messaging was that they need to present the status, anchor back on last falls game plan, the Ibbs report and production KPI's.

Latest project update from us.

CH0009- What is the status and messaging

Astaldi CEO meeting - March 24th 2015

Ed, Paul, Ron

Giacomo, Mario, Stephano, Jennifer, Manny

Safety manager hired - CEO to come

Paul doing project update

Paul gave them the key message that they are poised to go and we expect them to

I told them they need to ramp up management and get the plan done

They want meetings in next couple of weeks to review schedule opportunities that include Andritz and CH0009.

See Astaldi deck (get copy)

they suggested design process opportunity exists still

Stephano says they have used their cash and want to find the best way forward from a productivity perspective to minimize their pain (My interpretation)

Astaldi analysis factors April 16 2015

Where does Alstom sit

What are the costs of interest

What should we do with Andritz and BOP

What should we do with dams

What impact can LIL early completion have?

What impact can Emera have?

Possible Astaldi constraints

Tower cranes for unit 3-4

ICS- crane constraints

Manpower- guys have gotten 300-400 more

Supply chain has improved but procurement plan still lacking

They seem to have big ticket items in hand but small items like couplers are not available

It comes down to detailed coordination

Still a lot of gear around that needs to be cleaned up

Electrical power

Burning 3 hours for every 1 earned

Should get improvements but if get to .6 vs .3 then we will be doing good

Seeing 2 to 1 on indirects from other projects, 1.75 is good and they feel we will not get better than 1.5 for sure

Workface numbers will be constraining

Concrete production not so much

Rebar will be a big constraint

They have 22hrs/tonne in the bid for rebar which should be easily met

They have too many support structures and should ease off on it.

Weather impact next winter

South service bay up before Christmas would be huge

Getting 80-100k/m³ to end of year is best we can expect

Once you get up from big pours cycle times become a problem with pours being smaller on average at only 300m³

Cure times will be a big challenge - currently 25 day cycles, they say they can get to 12 day

Once winter arrives interfaces become more of a factor with Andritz and others

Feeling is it will take all of 2016 to get unit one done and will likely go into 2017

The feeling is that they will likely be able to do 6k/m³ per

month in the winter

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Astaldi Deck Outline April 24 2015

Phase 1 and Phase 2 activities

Status - against contract, Sept 2013 presentation, 120 day plan, New baseline

Status of overall qualitative performance

Chart on four execution options versus risk - continued cooperative efforts, partners, nuclear, integration

Time and Cost curves for each execution option considering Astaldi alone

Opportunities to improve performance - steps that are being and will be taken

Overall project considerations, i.e. phase 2

Time and cost curves for the overall project accounting for Astaldi options and overall project considerations

Stock analysis - what drives Astaldi

Commercial opportunities for mitigation

Key Targets and decision timeline

Back up : cost analysis assumptions

Astaldi Meeting - May 12, 2015

- Giacomo role (Written confirmation)
- Meeting attendance
- We will take side bar if necessary
- Will talk execution opportunities, ie Tiger team, etc.
- Will not talk commercial
- Will not talk combined scope opportunities
- Want to set out path forward over coming period
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Francesco Rotundi, Giacomo Orsatti

New Org chart presented showing Don Delarosabil

Intention is for Giacomo and Francesco to predominantly be at site

They will formally notify us of organization change

They want to present baseline with Delarosbil next Tuesday at site

They are doing a late and early approach with the baseline

Made statements several times that they cannot reach the productivity they expect

They will be showing us the productivity information with the baseline and likely will be making the financial play as well (my opinion)

Astaldi Baseline Meeting - May 19 2015

Gerrio (Montreal Project Controls), Ricardo Rocci (Site project controls), George Vader, Francesco Rotundi, Giacomo Orsatti, Manny Triassi, Don Delarosabil

Ron Power, Mike Harris, Peter Tsekouras, Lance, Scott

They are presenting anticipated manpower to complete, current completion scenarios, Labour impact and Path Forward

They are saying no work in dead of winter unless there is a cost benefit to us and then we can pay

They believe there are opportunities to allow access in many areas 4-5 months earlier than if we just waited for full completion of the milestones

They say original schedule had productivity assumptions that were too low and curing times that were too short. (They believe there is big opportunity in shortening cure times)

They are looking for a concession on concrete curing times-workshop needed

They are anchoring to late start (blaming us) and poor productivity

Will have cost variance data in next two weeks

They believe they cannot do much better from a productivity perspective

Expectations from Astaldi May 26 2015

Present their position

Present our position - Anchor back to key messages, keep working or we will use contract

They are pushing ahead but need to hear that we are willing to talk and are not going to terminate

They want a plan forward

Not asking to discuss any solutions just agreeing to look for solutions

June 8th, 10th, 12th

Week June 15th - No

Week 22 - No

Week 29th - No

Week July 6 - maybe

Week July 13 - yes late in week