

**RIDEAU TRANSIT GROUP GENERAL PARTNERSHIP
("RTG" or the "Partnership")
REGULAR MEETING NO. 33 (#33) OF THE BOARD**

Meeting took place at 1545 Carling Avenue, Ottawa and also via conference call on July 25, 2019 from 2:00 pm to 4:00 pm.

Attendees

Attendee	Company¹	Capacity	
Ramon Villaamil (RV-ACS)	ACS	Board Representative	2
Vincente Marana (VM-ACS)	ACS	Alternate Board Representative acting in capacity of Board Representative	2
Jim King (JK-ED)	EllisDon	Board Representative	2
Joey Comeau (JC-ED)	EllisDon	Legal Counsel for ED	3
Mathieu Labelle (ML-SNC)	SNC	Alternate Board Representative acting in capacity of Board Representative	2
Riccardo Cosentino (RC-SNC)	SNC	Board Representative	1
Peter Lauch (AE-RTG)	RTG	CEO	1
Maxime Olivier (MO-RTG)	RTG	Acting CFO	2
1 – Present, 2 – Present by Phone, 3 – Apologies, * – participated for portion of the meeting			

The Regular Meeting is held under the following Agenda:

1. Review and Approval of Minutes from previous meeting
2. Executive Summary
3. Design and Construction Status
4. Vehicle and Systems
5. RTM Readiness
6. Variation Enquiry Summary
7. Financial Matters
8. Stage 2 LRT Update

The Board designated Mr. Olivier to act as Secretary of the meeting and to prepare the corresponding minutes to be placed in the Partnership's minute book.

¹ "ACS" means ACS RTG Partner Inc.

"EllisDon" means EllisDon RTG Partner Inc.

"SNC" means SNC RTG Partner Inc.

1. Review and Approval of Minutes from previous meeting

The Board decided to approve the meeting minutes by email after the meeting. (*Writer's Note: Approval of the previous minutes was received via email by each partner*)

Prior to the Executive Summary discussion, the following issues were raised:

PL-RTG – Nicolas Poplemon has left SNC-Lavalin and is replaced by Mathieu Labelle

PL-RTG – Requested from Ramon and Vicente to move Antonio Estrada to Alternative Board Member instead of active Board Member

PL-RTG – Once Dwayne Mercer's leave period is over, Board to formalize Maxime Olivier as CFO of RTG

PL-RTG – Tokens have been received from National Bank and Maxime Olivier and Alexis Dubé can now approve payments on the banking platform.

2. Executive Summary

A PowerPoint presentation was circulated to the Board Representatives before the meeting. PL-RTG highlighted the key developments since the previous board meeting.

PL-RTG – On July 22nd, RTG submitted a Substantial Completion Notice to the City. Expected to get the opinion letter by Friday July 26th or over the weekend. Once Substantial Completion is achieved, Trial Running can start. RTG is aiming for a Revenue Service Availability Date of August 16th. The City will need 3-4 weeks after RSA to prepare for public launch.

VM-ACS – Expressed concerns that the City timing can affect Monthly Service Payments.

PL-RTG – Time taken by the City does not affect Monthly Service Payments as RTG can start invoicing as soon as Trial Running is achieved. (*Writer's Note: Correction – Monthly Service payments will commence as soon as the RSA Certificate is received from the Independent Certifier*)

PL-RTG – Vehicles are being launched and for the most part successfully however the challenge remains to get 15 coupled pairs out consistently and reliably. Project Co is aware of the faults and how to address them.

RV-ACS – Concerns that faults may affect Substantial Completion

PL-RTG – Mentions that the City is aware, and it does not affect Substantial Completion. However, it does affect trial running.

PL-RTG – Stage 2 LDs, Alstom is not paying the LDs

RV-ACS – Ramifications of not collecting the LDs. Possible cash flow issues if the City charges LDs and Alstom does not pay the LDs. Also, would these LDs be considered in the DSU claim? (as they are for Stage 1)

PL-RTG – Item to be taken away by PL and he will report back to Board.

PL-RTG – Alstom publically announced moving the Stage 2 LRV assembly to Brampton without asking OLRT-C. Alstom to discuss the costs with OLRT-C

Litigation Privileged

PL-RTG – RTG is still charging LDs to OLRT-C

Litigation Privileged

PL-RTG – As of July 20th RTM started taking the lead in the maintenance activities

3. Design and Construction Status

Health & Safety:

PL-RTG – No incidents to report related to construction.

RV-ACS – Regarding the OCS failure at Hurdman on 18 July, RV asks if this could occur again.

PL-RTG – Draft report in hand with preliminary cause theories. PL to follow up and report back to Board.

Quality/Environmental:

Quality:

No NCRs issued in June 2019

New QA Director appointed via ACS issues better reports.

Environmental:

There are no open NCRs at this time.

Schedule:

PL-RTG – Substantial Completion (SC) estimated for end July.

PL-RTG – Update of CBTC software before RSAD won't affect operations

PL-RTG –Waterproofing and leak mitigation (waterproof material injecting) still ongoing.
OLRTC claiming costs from original waterproof contractor. Concerns remain as leaks persist

Substantial Completion Notice:

PL-RTG – Substantial Completion schedule for July 27th.

PL-RTG – Revenue Service Availability targeted for August 16th.

Delay Claim In Negotiation With City:

Litigation Privileged

Payment Milestone Status:

PL-RTG – Milestone 12 (Substantial Completion (SC)) originally scheduled for May 6th, 2018 July 27th 2019 (*Writer's Note: SC Certificate was received 27 July*). City has stated that they will holdback [] in liquidated damages for missed Revenue Service Availability Dates.

Photos: See Presentation

4. Vehicle and Systems

4.1 Assembly & Testing:

4.1.1 PL-RTG – Alstom's CEO came to Ottawa in June with the promise of completing the vehicles by July 7th. Vehicles are "completed", but with a list of items that remain to be fixed.

4.1.2 PL-RTG – RTM Controllers are doing an excellent job and definitely ready for service

4.1.3 PL-RTG – After July 7th Alstom's sense of urgency waned. OLRT-C feels the need to constantly push Alstom since several vehicles are always having issues.

4.1.4 PL-RTG – Thales will install an updated version of the CBTC software the weekend of 27 July.

4.2 Trial Running is a twelve (12) consecutive day period that commences upon the successful completion of testing and commissioning

VM-ACS – Issues with the 2-3 vehicles and water leaks to affect Substantial Completion?

PL-RTG – Only 13 vehicles in the afternoon are required and there is only 2 hours where 15 vehicles are running. Decoupling is an issue. As for the water leaks, it's being monitored and nothing should affect service.

PL-RTG – Presentation of the trial running scorecard. PL expects repeat days which could extend Revenue Service Availability Date by a few days.

5. RTM Readiness

After 3 "Readiness Review" meetings, the City is satisfied with the changes of Alstom Maintenance and RTM and agree that RTM is "ready". Some of the changes include the placement of an Alstom trouble-shooter in the control room to support drivers. Alstom is also in the process of hiring additional technicians.

6. Variation Enquiry Summary

6.1 To date, Variation Confirmations issued total \$481M, \$117M for Stage 1 and \$363M relating to Stage 2.

7. Financial Matters

7.1 The key financial figures are (as of end June 2019):

7.1.1 Internal Rate of Return at [Financial Information - Rate]%, above the [Financial Information - Rate]% expected at financial close

7.1.2 Year to date net income of \$ [Financial Information - Entry]

7.1.3 Expected cash savings by the end of construction of \$ [Financial Information - Page]

7.2 Construction progressing below S-Curve (99.8% vs. 100%), \$ [Financial Information - Page] remaining.

7.3 Pure SPV Costs are 39% above budget year-to-date.

7.4 Costs paid to partners:

- \$ [Financial Information - Page] for Equity letter of credit fees
- \$ [Financial Information - Page] under the Technical Assistance and Management Service Agreement
- \$ [Financial Information - Page] for primary service personnel

7.5 Financing:

- Draw Stop: LTA unable to certify RSA before Senior Creditor Longstop Date (SCLSD) of Feb 24th, 2019, a condition of draw request approval. No draw permitted in December 2018 and subsequently
- Project Co unable to Pay [Financial Information - Project] of DB billings due to draw stop
- Notice delivered to Lenders February 25th, 2019. Project Co in Default of Credit Agreement due to Event of Default (not achieving RSA on or before SCLSD)

7.6 LDs and Increased Interest Costs adequately fund all Project Co commitments through to RSA.

7.7 First Partner Dividend: If RSA at end of August 2019, first dividend to equity partners payable September 2020

7.8 Stage 2 Update: Short-term debt closed, no LDs, interests collected on cash balances.

- \$ [Financial Information - Page] Thales holdback results in debt repayment shortfall
- Term Sheet Drop Down signed by DBJV to inject \$ [Financial Information - Page] to bridge shortfall

8. Stage 2 Update

8.1 Stage 2 :

8.1.1 Scope 4 (Interface and Design Management) executed and Scope 5 (Maintenance Services) executed but in escrow.

9. Other/Questions

- 9.1 What is the status of integrating Stage 2 LRVs into Stage 1, and what is the status of UTO in the yard?
- 9.2 PL-RTG – Item to be taken away by PL and he will report back to Board.
- 9.3 Discussion on update of financial model to reflect Stage 2. RC-SNC to review
- 9.4 Maintenance reserve account. RC-SNC to review.

Next Meeting: 26 September 2019