

RIDEAU TRANSIT GROUP GENERAL PARTNERSHIP
(“RTG” or the “Partnership”)
REGULAR MEETING NO. 26 (#26) OF THE BOARD

Meeting took place at 1545 Carling Avenue, Ottawa and also via conference call on February 28, 2018 from 02:00 pm to 04:00 pm.

Attendees

Attendee	Company¹	Capacity	
Ramon Villaamil (RV-ACS)	ACS	Alternate Board Representative acting in capacity of Board Representative	2
Nuria Haltiwanger (NH-ACS)	ACS	Board Representative	2
Jim King (JK-ED)	EllisDon	Board Representative	2
Joey Comeau (JC-ED)	EllisDon	Legal Counsel for ED	2
Nicolas Poplemon (NP-SNC)	SNC	Board Representative	2
Riccardo Cosentino (RC-SNC)	SNC	Board Representative	2
Antonio Estrada (AE-RTG)	RTG	CEO	1
Dwayne Mercer (DM-RTG)	RTG	CFO	1
Peter Lauch (PL-RTG)	RTG	Technical Director	1
1 – Present, 2 – Present by Phone, 3 – Apologies, * – participated for portion of the meeting			

The Regular Meeting is held under the following Agenda:

1. Approval of 2017 Audited Financial Statements
2. Review and Approval of Minutes from previous meeting
3. Executive Summary
4. Design and Construction Status
5. Vehicle and Systems
6. Variation Enquiry Summary
7. Financial Matters
8. Stage 2

The Board designated Mr. Mercer 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. Approval of 2017 Audited Financial Statements

The Deloitte Audit team was invited to present its Board of Directors Report. Ms. Strati presented their findings and confirmed that the statements were free of material misstatement and no issues were noted regarding Reportable Matters. Following written approval from the Board of Directors, receipt of signed management representation letter, receipt of updated legal letters and standard completion review, Deloitte will be in position to render an unqualified audit opinion.

Following the presentation, the representatives from Deloitte left the call, and regularly scheduled board meeting continued.

2. Review and Approval of Minutes from previous meeting

The Board unanimously approved the Minutes of the previous meeting.

3. Executive Summary

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

AE-RTG – City has rejected approach to Milestone acceptance. Now more resistant than with previous milestones in accepting deferred items.

AE-RTG – DBJV has been notified of RTG debt situation relating to the delay of Milestone 11 completion. However, DBJV appears to be focused on critical path items rather than special focus on the completion of the Milestone 11 items.

AE-RTG – RSA date of August 31st proposed to City, however, City reluctant to accept this date due to political risk if not achieved. City preference is for an RSA date which is subsequent to the October 22nd municipal election. A Revenue Service Availability Date of November 2nd, 2018 was agreed, but subject to resolution of delay costs claims.

Settlement Privileged

AE-RTG – Final lining of Rideau station now completed with focus changing to Mechanical and Electrical, systems and track installation. Rideau station most critical stage of completion. Systems integration with multiple vehicles to begin by mid-March.

AE-RTG – Vehicle assembly 2 day takt time now achieved. Serial testing 20-25 days with 2 CBCT ready vehicles now available for testing and integration. Vehicle assembly now scheduled for July, 2018, however, commercial discussions between Alstom and OLRT-C ongoing.

4. Design and Construction Status

4.1 Health & Safety:

- 4.1.1 The project to date LTI rate is 0.22% compared to 1.18% for the industry.
- 4.1.2 Recent Ministry of Labor orders dealing with piling of materials and general housekeeping were complied with.
- 4.1.3 January 11th OCS pole fire incident being investigated.

4.2 Quality/Environmental:

4.2.1 Quality:

- 701 NCRs opened to date of which 80 are opened and await contractor response and OLRTC closure. None are contentious.

4.2.2 Environmental:

- AE-RTG – Only two new deficiencies reported in January as positive downward trend continues.
- There are no open NCRs at this time.
- AE-RTG – soil erosion to be closely monitored during spring thaw.

4.3 Updated Schedule:

- 4.3.1 AE-RTG – OLRT-C January schedule showing August 31st RSA is risky.
- 4.3.2 AE-RTG – City consultant analysis indicated August 31st too risky for public announcement and negotiated a Nov 2nd RSA with DBJV subject to reaching compensation agreement for delay costs prior to end of February.

4.4 Delay Claim Negotiation with City:

4.4.1

4.4.2

4.4.3

4.4.4

4.4.5

4.4.6

Litigation Privileged

4.5 Payment Milestone Status:

- 4.5.1 AE-RTG – City has placed Milestone 11 (Completion of Station Bundle #1) acceptance on hold pending the outcome of the RSA and associated delay claim negotiations.
- 4.5.2 AE-RTG – M8 deferred items still open over 1 year following acceptance and is impacting M11 negotiations.
- 4.6 Safety Requirements and Safety Auditor:
 - 4.6.1 PL-RTG – PA has specific requirements relating to the Independent Safety Auditor. Compliance with the Safety Requirements must be approved by Safety Auditor.
- 4.7 Active Works on Site:
 - 4.7.1 PL-RTG – Hwy 417 final deficiencies to be rectified by spring.
 - 4.7.2 PL-RTG – MSF Connector remaining concrete patching to be completed by spring.
 - 4.7.3 PL-RTG – Final concrete pour completed in tunnel.
 - 4.7.4 PL-RTG – Expect vehicle to be transported on westbound track through tunnel sometime in March.
- 4.8 Three Month Look-Ahead: General outline of the construction forecast for the next 3 months.
 - 4.8.1 PL-RTG – 25-26 vehicles have been provisionally accepted.
 - 4.8.2 PL-RTG – Final pour at Rideau Station scheduled for completion end of February.
 - 4.8.3 PL-RTG – Westbound track to be completed by end of March to allow vehicle to be transported from MSF to Western Stations.
- 4.9 Sinkhole Insurance Claim:
 - 4.9.1

Insurance

- 4.10 Photos: See Presentation

5. Vehicle and Systems

- 5.1 Assembly & Testing:
 - 5.1.1 PL-RTG – Currently assembling vehicle #30.
 - 5.1.2 PL-RTG – Averaging 2 to 2.5 -day takt time now.
- 5.2 Schedule:
 - 5.2.1 PL-RTG – Bogie production has now caught up to vehicle assembly with only LRV08 awaiting bogies.
 - 5.2.2 PL-RTG – OLRT-C continuing to negotiate a revised schedule with Alstom.
 - 5.2.3 PL-RTG – Testing bottleneck on Thales CBCT testing. Expect 6 CBCT ready vehicles by end of March.
- 5.3 Photos: See Presentation

6. Variation Enquiry Summary

- 6.1 So far Variation Confirmations issued total \$422M, \$58M for Stage 1 and \$363M relating to Stage 2.

7. Financial matters

- 7.1 The key financial figures are (as of January 31st 2018):
- 7.1.1 Internal Rate of Return at [redacted]%, above the [redacted]% expected at financial close (IRR would be [redacted]% without the insurance related costs during Operation issue).
- 7.1.2 Year to date net income of \$ [redacted]
- 7.1.3 Expected cash savings by the end of construction of \$ [redacted]
- 7.2 Construction invoicing is behind the financial model by \$ [redacted]
- 7.3 Pure SPV Costs are [redacted]% below budget year-to-date.
- 7.4
- 7.5
- 7.6
- 7.7 Non-refundable Milestone Delay Damages of approximately \$ [redacted] for November '16 to Feb '18.
- 7.7.1 DM-RTG – additional Non-Refundable Milestone Delay Damages expected for Milestone 11 (Western Station Bundle).
- 7.8 Stage 2 construction \$ [redacted] behind financial close forecast. Initial Capital Investment expected by end of March.
- 7.9 Administrative Matters:
- 7.9.1 Net Highway Payment Adjustment currently stands at \$ [redacted] AE-RTG pointed out that the MTO has still to issue its certificate and that some discussions between the DBJV and the MTO are taking place regarding some deficient lab results.
- 7.9.2 Office lease extended for 1 year to May 31st, 2019.

8. Other matters

- 8.1 Next Meeting: April 25th 2018.