

## MINUTES OF MEETING

### SSAGS - CEIP TUNU NODE NEGOTIATION/CLOSE OUT MEETING

**Date:** 1<sup>st</sup> February 2023

**Venue:** Sapphire Hall – Eko Hotel Lagos

**Time:** 0900 Hrs

**Attendees:**

No	NAMES	COMPANY
1	Tiamiyu Bashir	NUIMS
2	Nuruddeen Yusuf	NUIMS
3	Onyebuchi Ogbuiké	NUIMS
4	Sebastian Eze	NUIMS
5	Olalekan Olaniyan	NUIMS
6	Abdullahi Umar	NUIMS
7	Priscilla Okwosha	NUIMS
8	Pendo Lawani	SPDC
9	Peter Oluwatumise	SPDC
10	Ahmed Abubakar	SPDC
11	Chinasa Ajaero	SPDC
12	Ali Kadafur	SPDC

No	NAMES	COMPANY
1	Henry Okolie-Aboh	WERL
2	Aguda Michael	WERL
3	Ebere Ifejirofor	WERL
4	Stella Uzowulu	WERL
5	Kingsley Nwogu	WERL
6	Humphrey Ako	WERL
7	Umoh Ofonime	WERL
8	Chigozie Igboeri	WERL

1.0	<b>AGENDA</b> 1. Welcome/ Introduction & Presentation of Contractor's proposals - By Contractor. 2. Questions/clarifications - NUIMS/SPDC JV. 3. Negotiation. 4. Resolutions & Closeout out.
2.0	<b>WELCOME/INTRODUCTION &amp; PRESENTATION OF VP</b>
2.1	Meeting started at 14.45 hrs with the introduction of attendees. Thereafter, NUIMS gave a welcome note followed by opening remarks by SPDC and Westfield Energy Resources Ltd. (CONTRACTOR).  <ul style="list-style-type: none"> <li>NUIMS welcomed all to the meeting having introduced their team, implored all to be objective with a view to closing out the negotiation promptly to enable return to site. The JV expressed dismay over CONTRACTOR's decision to leave site in contravention of the provisions of the Contract on variation request. It is expected that the Contractor will continue with the works while its submitted variations are addressed in line with the Contract.</li> <li>SPDC (the Operator) introduced its team, thanked NUIMS for making out time for the meeting and commended CONTRACTOR for the timely and safe delivery of the pre-construction survey works executed in 2022 and expressed optimism for a successful negotiation.</li> <li>CONTRACTOR after introducing its team, enumerated in detail, the impact of price escalation, due to inflation, high bank interest rates amongst other challenges that made it very difficult to continue the project at the awarded price.</li> </ul>
3.0	<b>QUESTIONS/CLARIFICATION</b> In response to questions on the basis for the variation and cost build-up, Contractor clarified as follows:  <ul style="list-style-type: none"> <li>Major cost driver is the cost of money, given the continuous hike in interest rates by banks since 2018 when commercials were concluded. Other drivers are escalation in the cost of marine equipment lease, and their associated fuelling requirements (diesel and petrol). Cost of construction materials like iron rod, cement, etc., have also increased significantly.</li> <li>The JV expressed dissatisfaction that the contractor de-mobbed from site without consideration of the overall interest of the JV as work could have continued while the variations were being discussed. In response contractor explained the difficulty in securing funds from banks with the current contract price made it impracticable to continue running the site and hence it's decision to</li> </ul>


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	<p>de-mobilise after survey but informed that other offsite works like pole procurement was achieved within the period in view.</p> <ul style="list-style-type: none"><li>Contractor confirmed that if this VP is addressed, there will be no future variation on the project since key risks (schedule, weather, community, security, etc.) has been factored in. this aligns with the JV's position that no variation will be entertained on the project once this VP is resolved.</li></ul>																					
4.0	<p><b>NEGOTIATION</b></p> <p>A summary of the negotiation proceedings is presented in table 1 below.</p> <p>Table 1: ACV Increase VP offers/counteroffers:</p> <table><tr><th>OFFER</th><th>WESTFIELD</th><th>SPDC-JV</th></tr><tr><td>1st</td><td>2,943,439,680.73</td><td>-</td></tr><tr><td>2nd</td><td>2,796,267,696.69</td><td>1,388,529,692.73</td></tr><tr><td>3rd</td><td>2,590,226,919.04</td><td>1,619,951,308.19</td></tr><tr><td>4th</td><td>2,501,923,728.62</td><td>1,851,372,923.64</td></tr><tr><td>5th</td><td>2,501,923,728.62</td><td>2,000,000,000.00</td></tr><tr><td>Closing</td><td>2,501,923,728.62</td><td>2,000,000,000.00</td></tr></table> <p>The negotiation deadlocked with a delta of NGN 501,923,728.62 between Contractor and the JV.</p>	OFFER	WESTFIELD	SPDC-JV	1st	2,943,439,680.73	-	2nd	2,796,267,696.69	1,388,529,692.73	3rd	2,590,226,919.04	1,619,951,308.19	4th	2,501,923,728.62	1,851,372,923.64	5th	2,501,923,728.62	2,000,000,000.00	Closing	2,501,923,728.62	2,000,000,000.00
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5.0	<p><b>RESOLUTIONS &amp; CLOSE OUT</b></p> <ul style="list-style-type: none"><li>The ACV increase VP negotiation was deadlocked with Contractor's closing offer of NGN 2,501,923,728.62 as against the JV's NGN2,000,000,000.00. Contractor was however requested to reconsider the JV's closing offer and communicate its decision through the operator (SPDC) within 48 hours.</li><li>The meeting was adjourned to enable further consultations and alignment between the Contractor and the operator (on behalf of the JV).</li></ul>																					
5.1	<p>In closing NUIMS thanked the Contractor for their openness and clear presentation at the meeting and requested for continuous collaboration for timely delivery of the CEIP.</p> <p>CONTRACTOR thanked the JV for the opportunity and restated their commitment towards a successful and seamless delivery of the project.</p>																					

## POST NEGOTIATION

Post negotiation in Lagos, the operator (on behalf of the JV) and the Contractor aligned on a mutually acceptable final offer of **NGN2,300,000,000.00** (two billion and three hundred million naira only) to formally close the negotiation. This minute of meeting supersedes and overrides any other minutes previously issued on this VP.


NUIMS Team Lead:

  
BASHIR TIAMIYU (Apr 19, 2023 22:04 GMT+1)

Date: 19/04/2023

Tihamiyu Bashir

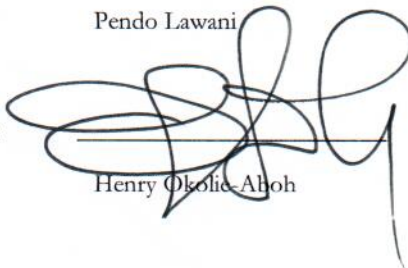
SPDC Team Lead:

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Date: \_\_\_\_\_

Pendo Lawani

Westfield ERL MD:

  
Henry Okolie-Aboh

Date: 19/04/2023

**Note: All Resolutions and Contents agreed are subject to NUIMS Management approval.**