

Sabrina L'Eveille

From: Bill MacGregorFraser
Sent: Wednesday, 14 January 2009 10:17 AM
To: 'adrian.miller@sydneywater.com.au'
Subject: PROJECT FUNDING
Attachments: 20090114091654084.pdf

Adrian,

I refer to our discussions yesterday and your comments on our draft letter.

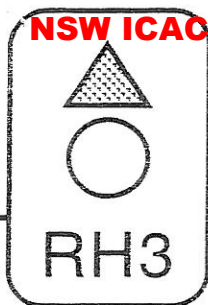
I have finalised the letter, and confirm that we press for Sydney Water's agreement to reallocate the full \$550,000 to meet our funding shortfall in January. I have added as you requested a more detailed break-up of our predevelopment activities. I have also respectfully and politely referred to Sydney Water's obligations under the Stage 3 Deed.

All of these costs have been incurred and therefore must be paid under the terms of the Stage 3 Deed.

We look forward to your agreement to the requested reallocation.

Regards
Bill MacGregor Fraser

14/01/2009



NSW ICAO EXHIBIT

ROUSE HILL INFRASTRUCTURE (STAGE 3) PTY LIMITED

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14 January 2009
RH3S09061 BMF:sl

Sydney Water Corporation
Level 23
115-123 Bathurst Street
SYDNEY NSW 2000

Attention: Adrian Miller

Dear Adrian

Stage 3 Credit Facility – Project Funding

I refer to your letter dated 19 December 2008 and to our telephone conversation on 12 January 2009 regarding the project funding.

As you are aware and have acknowledged we have expended funds associated with activities relating to the mediation process in 2008 and pre-development activities in relation to Package 1 Works. This expenditure results in a shortfall in our January 2009 drawdown of approximately \$550,000.

In order to avoid unnecessary escalation of the issue we propose that Sydney Water agrees to the reallocation of \$550,000 from the Other Stages category to the Cost of Operations category. The attached summary of costs provides a break-up of additional expenditure.

We respectfully remind Sydney Water of its obligations under Clause 13.1(j) of the Rouse Hill Infrastructure (Stage 3) Deed which states that if the budget category is "... exhausted prior to the termination or expiry of this Deed Sydney Water will provide RH3 with reasonable funding to allow RH3 to undertake any outstanding obligations under this Deed. To the extent it is able to do so, Sydney Water will provide such funding by amending the Project Budget to reallocate available funds in other categories under the Project Budget."

RH3 is required to initially meet its financial obligations in January and then to complete its outstanding Stage 3 obligations until June 2009. We will therefore need to discuss and agree a further reallocation of funds to meet these minor outstanding Stage 3 obligations and Other Stages work.

Yours faithfully

ROUSE HILL INFRASTRUCTURE (STAGE 3) PTY LIMITED

Bill MacGregor Fraser

DIRECTOR

Attach: Summary of Costs

SUMMARY OF COSTS**RHIC Management & Administration**

Shared with Stage 3 Works	\$70,000
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Package 1 – Predevelopment Works

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|--|----------|
| ◦ Negotiation of the Infrastructure Deed for Package 1 Works | \$15,000 |
| ◦ Legal Costs associated with Infrastructure Deed | \$50,000 |
| ◦ Predevelopment activities associated with the Package 1 Works including: | |
| - Review and assessment of the design and construct tenders; | \$25,000 |
| - Review Head Contract; | \$10,000 |
| - Preparation of budgets for AW(No.1); | \$10,000 |
| - Liaison and co-ordination with stakeholders; | \$5,000 |
| - Predevelopment project management activities; | \$80,000 |
| - Advice from QS; | \$5,000 |
| - Provision of expert advice on Contract; | \$15,000 |
| - Preparation of project control and monitoring systems; and | \$35,000 |
| - Preparation of draft project management plans | \$10,000 |

TOTAL	\$195,000
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Mediation

Please note the mediation process was initiated by Sydney Water not RHIC (John Shirbin called Leighton O'Brien). Notwithstanding this it should be acknowledged that both parties willingly agreed to enter into mediation in order to resolve our differences. As you are aware RHIC's only source of funding is the Stage 3 credit facility and our costs of the mediation need to be met from this facility.

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|---|-----------|
| ◦ Legal Costs | \$190,000 |
| ◦ RHIC share of the Mediator fees (say) | \$30,000 |

TOTAL	\$550,000
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