

NEWS RELEASE

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Kiewit - Turner
a Joint Venture



VA's Breach of Contract Forces Kiewit-Turner to Stop Work on the Denver VA Medical Replacement Project

Denver, Colo., Dec. 9, 2014 --Tom Janssen, spokesperson for the Kiewit-Turner joint venture, made the following statement regarding today's decision by the Civilian Board of Contract Appeals (CBCA) that the U.S. Department of Veterans Affairs is in material breach of its contract on the Denver VA Medical Replacement Project:

"The CBCA agreed with Kiewit-Turner that the VA failed to fulfill its fundamental contractual obligation to manage this project and produce a design that could be built for \$604 million, the VA's budget for the project authorized by Congress. As currently designed, the project will cost more than \$1 billion. During the CBCA hearing VA documents and testimony by VA officials revealed that the VA intentionally forced Kiewit-Turner to finance the project by demanding that they continue construction even though third-party construction and design experts showed the project was going to be significantly over the VA's budget. Key quotes from the CBCA decision:

- 'KT cannot be adequately compensated for the VA's failure to provide a design which could be constructed for the ECCA'
- '... the agency does not have sufficient funds to pay for construction of the entire project as currently designed and has no plans to ask for money,'
- 'As a matter of law, KT has the right to stop performance.'
- 'We find that beyond doubt, the VA's breach of its contract with KT was material.'
- '... the behavior of the VA has not comported with standards of good faith and fair dealing required by law.'

Kiewit-Turner went to extraordinary lengths since 2011 to work with the VA to keep this project moving forward for Colorado-area Veterans, spending more than \$100 million out of pocket to keep subcontractors and suppliers afloat, pay employees and advance construction. However, the CBCA decision makes clear that the VA can no longer require Kiewit-Turner to bear the full burden of the VA's mismanagement and material breach of contract. Furthermore, because actual estimates put the project at more than \$1 billion, it is clear that the VA does not have the funds to continue construction and the VA has publicly stated it would not seek additional funds. Accordingly, Kiewit-Turner has now notified the VA



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that it will immediately cease all work on the project and begin a safe and orderly process to secure the site.

The CBCA decision confirms that the contract is broken, both legally and practically. The VA now must quickly and carefully scrutinize all aspects of this project, make appropriate design and management adjustments, and re-procure the project as soon as possible to minimize further delays for Colorado-area Veterans and cost increases for taxpayers. Kiewit-Turner has offered our cooperation in this important effort.”

About Kiewit-Turner, a Joint Venture

Kiewit-Turner is a joint venture of Kiewit Building Group Inc., a subsidiary of Kiewit Corporation (www.kiewit.com), and Turner Construction Company (www.turnerconstruction.com), formed to build the VA Denver Replacement Center Facility for The Department of Veterans Affairs.

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Attachments:

1. Timeline of Kiewit-Turner Good Faith Efforts
2. Kiewit-Turner Dec. 9, 2014 Letter

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