

Chief Executive's Office

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Tom Aitchison
Chief Executive
City of Edinburgh Council
Waverley Court
4 East Market Street
Edinburgh
EH8 8BG

[insert date] 2010

Dear Sirs«Salutation»

GRANT OFFER TO CITY OF EDINBURGH COUNCIL FOR CONSTRUCTION OF THE TRAMS ELEMENTS OF THE EDINBURGH GATEWAY PROJECT

1. In exercise of the powers contained in Section 70 of the Transport (Scotland) Act 2001, the Scottish Ministers hereby offer to pay a grant (the **Edinburgh Gateway Tram Works Grant**) to the City of Edinburgh Council, the local authority for the said City under the Local Government etc (Scotland) Act 1994 and having its Principal Office at City Chambers, High Street, Edinburgh, EH1 1YJ (the Council) towards expenditure relating to the construction works associated with the tram works elements of the Edinburgh Gateway Project, defined as the **Project** in the Terms and Conditions contained in Schedule 1 attached to this Letter. The Edinburgh Gateway Tram Works Grant shall be a maximum of [£8,000,000 (eight million pounds)], subject as otherwise provided for.
2. The Edinburgh Gateway Tram Works Grant is offered on the Terms and Conditions contained in Schedule 1 attached to this Letter and acceptance of this offer will be deemed as acceptance of all the Terms and Conditions and Annexes 1 and 2 attached. Expressions defined in Schedule 1 have the same meaning in this Letter.
3. Conditions Precedent
- 3.1 The obligation of the Scottish Ministers to pay the Edinburgh Gateway Tram Works Grant or any Instalment is subject to the condition that the Scottish Ministers have received all of the following documents and other evidence all in form and substance satisfactory to the Scottish Ministers:
 - 3.1.1 detailed design for the construction of the Project (Issue for Construction Information) (the Detailed Design);
 - 3.1.2 all statutory and regulatory technical consents for and in connection with the Detailed Design;

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- 3.1.3 an updated and approved Final Business Case from Transport Edinburgh Limited identifying and approving the implications of the construction works associated with the Detailed Design;
- 3.1.4 a fully priced (so far as practicable in the circumstances) proposal from tie and the BSC Consortium (which comprises Bilfinger Berger, Siemens and CAF) (or such other contractor or consortium as may be appointed in connection with the Project from time to time) including a programme for completion of the construction works associated with the Detailed Design; and
- 3.1.5 all reports, summaries reports and claims required by Annex 2.

[CPs to be discussed further]

- 3.2 The Scottish Ministers shall be entitled in their sole discretion to waive or deem to be satisfied in whole or in part the conditions precedent set out in Paragraph 3.1.
- 3.3 The Council shall use reasonable its best endeavours to procure that the conditions precedent set out in Paragraphs 3.1.1 to 3.1.4 shall be satisfied as soon as practicable and in any event not later than [insert date] or such later date as the Scottish Ministers may agree in writing.
- 4. Payment arrangements
 - 4.1 Subject to Clause 4.2, the Edinburgh Gateway Tram Works Grant will be paid by 4-weekly Instalments in accordance with the provisions of the Terms and Conditions and Annex 2. If at any time the monies paid by the Scottish Ministers under this offer of the Edinburgh Gateway Tram Works Grant are in excess of the maximum amount payable at the time then such monies shall be repaid by the Council within 4 weeks of notification in writing by the Scottish Ministers and or the Scottish Ministers shall be entitled to deduct such monies from any subsequent Instalment.
 - 4.2 ~~The total Instalments paid or payable under this offer of Edinburgh Gateway Tram Works Grant shall not, in respect of the relevant Eligible Capital Costs, at any time exceed the Eligible Capital Costs Allocation.~~

The Scottish Ministers shall not be bound to pay to the Council, and the Council shall have no claim against the Scottish Ministers in respect of any sum in relation to the Edinburgh Gateway Tram Works Grant which exceeds the amount specified in Paragraph 1 of this Letter Letter, save as otherwise provided for.
 - 4.3 The Scottish Ministers shall have no obligation to pay the Edinburgh Gateway Tram Works Grant or any Instalment where, as at the due date for payment, an Event of Default ~~or event which with the giving of notice, lapse of time or other condition may constitute an Event of Default~~ has occurred, provided that said sum will become due and payable to the Council if the Event of Default is subsequently resolved to the Scottish Minister's reasonable satisfaction. The Scottish Ministers may at their discretion pay the Edinburgh Gateway Tram Works Grant or any part of an Instalment otherwise due to be paid or any part thereof notwithstanding, and without waiving, any such Event of Default ~~or event.~~
- 5. Acceptance
 - 5.1 This offer of the Edinburgh Gateway Tram Works Grant is sent in duplicate and remains open for acceptance for a period of 28 days following the date of this Letter.

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If you wish to accept this offer of Edinburgh Gateway Tram Works Grant on all the Terms and Conditions specified in and referred to in this Letter you should sign and date the acceptance form on the duplicate and return it to Bill Reeve Rail Delivery Directorate, Transport Scotland, Buchanan House, 58 Port Dundas Road, Glasgow, G4 0HF. You should retain the other copy for your own records.

- 5.2 Upon acceptance pursuant to Paragraph 5.1, this offer of Edinburgh Gateway Tram Works Grant and the Terms and Conditions specified in and referred to in this Letter shall constitute the entire agreement between the Scottish Ministers and the Council in connection with its subject matter and shall supersede all prior representations, communications, negotiations and undertakings concerning the subject matter of this offer of Edinburgh Gateway Tram Works Grant and the Terms and Conditions specified in and referred to in this Letter.

Yours sincerely

BILL REEVE
Director of Rail Delivery

Acceptance of Edinburgh Gateway Tram Works Grant

On behalf of The City of Edinburgh Council I accept the offer of Edinburgh Gateway Tram Works Grant set out in the Scottish Ministers' letter above dated < > and the Terms and Conditions contained in or referred to in the Letter.

..... Signature
..... Full Name
..... Chief Executive, City of Edinburgh Council
..... Date