
From: Flynn, Michael (Siemens TS) [Flynn.Michael@siemens.com]
Sent: 11 April 2008 12:11
To: Jim McEwan
Subject: RE: Milestones Schedule--in confidence

Hi Jim,
I'm on the case.
regards,
Michael

From: Jim McEwan [mailto:Jim.McEwan@tie.ltd.uk]
Sent: 11 April 2008 10:51
To: Flynn, Michael (Siemens TS)
Subject: FW: Milestones Schedule--in confidence

Michael

I've forwarded you a copy of the attached to bring you up to speed with our current position with BB and to alert you to the gravity of the position which is developing in the hope that you can perhaps assist from a consortium perspective in resolving these matters. Richard as you are aware was unable to 'sell' the deal we had concluded in respect to SDS markup and his organisation seem wholly incapable of delivering a milestone schedule. Its now clear that we will not achieve the 15th for signing and will require to assuage Transport Scotland on the funding issue arising, my judgement and Stewart's note would indicate that we are walking a tightrope here.

Regards

Jim

From: Jim McEwan
Sent: 11 April 2008 10:39
To: 'Richard.Walker@bilfinger.co.uk'
Subject: FW: Milestones Schedule

Richard

On the assumption that we can get a resolution on Monday, pleasing to us, on the major issue we discussed yesterday, I've copied you on the attached from my Finance Director. We must appraise Transport Scotland that we will clearly not hit the promised milestone date for drawdown of their funding by 15th April (our targeted signing date) and on the reasons for same.

From my perspective had we had the timely co-operation across all elements required we could certainly have achieved that milestone, telling your customer that you will get something i.e. the milestone schedule, 'when its ready', doesn't strike me as a satisfactory response, do you think it is?

Undernoted are the items awaited from BB as advised to you in my email of yesterday:

Schedules awaited from BB or in BB court

Milestone Payments
Required Insurances
Key Personnel (Scott McFadzen promised) discussed with Steven Bell yesterday.
DMP---now in tie's court
Tie's obligations
Infraco proposals (formatted version of civils)
Approved Suppliers (Tom Murray to confirm that all approved suppliers will offer a collateral warranty)

I would ask that you give me a response to these issues today.

Jim McEwan

From: Stewart McGarrity
Sent: 11 April 2008 10:08
To: Jim McEwan
Cc: Dennis Murray; Eric Smith
Subject: Milestones Schedule

Jim,

See email below from RW. On certain issues this negotiation drifts from the "difficult and costing the taxpayers' money" box into the "showing the potential customer scant respect" box.

It goes without saying that our team (including Dennis) who have delivered 5 successive versions of the milestone schedule have gone out of their way to accommodate the BBS requirement to stay cash neutral. It is also entirely competent – they are all experienced professionals and not daft laddies who have never done this before. Despite repeated requests the guys have had no feedback whatsoever since Gary Dalton declared himself generally unhappy with all aspects of it in the last week of March (which was in itself several months into development of the schedule with BBS). I will not recommend anything which is materially different to what we already have other than the spreading of individual milestones causing BB concern - which we have repeatedly invited them to do.

Never mind – a more serious and practical issue is that I am required to report to Transport Scotland on any potential material changes to the shape or terms of the milestone payment curve in the context of profiles we have already provided for them. This is critically important at TS Board level as Ministers are keen to see budgets met and these are currently set for the next 2 years. We can't leave TS or CEC exposed to cash flow requirements they have not budgeted for and to preserve the credibility of **tie** I will need to brief on the reality that Bilfinger Berger are at this late stage seeking to further front load the payment schedule notwithstanding the huge initial milestone payment (20% of contract) which as we know I have spent months getting Transport Scotland (and they in turn Audit Scotland) comfortable with. I wonder what the payment terms are on the M80 job?

We will also require to appraise Transport Scotland on the position in respect to funding drawdown, and I would be grateful for your view on the status of the contract close position.

I'll brief Willie.

Stewart

Stewart McGarrity
Finance Director
tie Limited
Mobile [REDACTED]

From: Richard.Walker@bilfinger.co.uk [mailto:Richard.Walker@bilfinger.co.uk]
Sent: 10 April 2008 19:35
To: Dennis Murray
Cc: Gary.Dalton@bilfinger.co.uk; Tom.Murray@bilfinger.co.uk
Subject: Re: Prelims breakdown

Denis

Firstly, please copy all relevant e mails to Gary Dalton, he sits on the Consortium Board.
Secondly, I have asked Tom Murray to meet you face to face to resolve the Prelim issue. This should take place tomorrow.
Thirdly, your initial milestone is not acceptable and is being re drafted. This is a very complex project and as this schedule will live with us for the next 3 years, it has to be right. Having investigated the progress I am more understanding. The schedule needs to identify which work area and which period and the value of each activity. It also needs to be linked to the programme such that when the programme is changed the milestone schedule automatically changes with it. . I appreciate the criticality of this schedule and Gary and I are making every effort to progress it soonest. I acknowledge that maybe we should have discussed the requirements of the schedule in more detail with you which may have alleviated your concerns somewhat. However we will endeavour to deliver the instant it is ready.

Regards
Richard

----- Original Message -----

From: Dennis Murray [Dennis.Murray@tie.ltd.uk]
Sent: 10/04/2008 18:45
To: Richard Walker
Cc: Jim McEwan <Jim.McEwan@tie.ltd.uk>; Steven Bell <Steven.Bell@tie.ltd.uk>
Subject: Prelims breakdown

Richard,

Two issues are outstanding from our meeting of last night.

Firstly we have no feedback from Gary re the Milestones Schedule and this item, as you are aware, is hyper critical. Gary needs to provide us with any BB comments on our Milestones Schedule otherwise we must assume that our presented version is accepted. Can you advise when this will be done.

Secondly, it was agreed that the best way to agree the Prelim breakdown was for Tom Murray to come to Citypoint to sit down with me to run through the organogram against the priced items. Tom has not appeared or contacted me today. This item is also hyper critical to close out. Tom must be made available to do this.

Regards
Dennis

Dennis Murray
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