

tie Limited

Minute of the CEC/tie Legal Affairs Group Meeting

Date: Wednesday 25th July 2007

Time: 08:00 – 09:00

Venue: Executive Suite, Waverley Court

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|---------------|------------------|-----|----|
| In attendance | Jim Inch | CEC | Jl |
| | Andrew Holmes | CEC | AH |
| | Gill Lindsay | CEC | GL |
| | Willie Gallagher | tie | WG |
| | Susan Clark | tie | SC |
| | Alasdair Sim | tie | AS |
| Apologies | none | | |
| Circulation | Above | | |

ACTION By

1. Terms of Reference

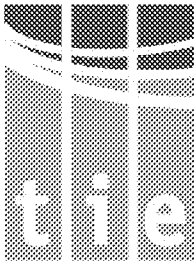
WG/Jl outlined the purpose in setting up the Legal Affairs Group and presented the terms of reference as set out below:

- To jointly review the forthcoming tram work programme to enable all contracts and other legal agreements to be put in place.
- To ensure adequate resource is in place and available to allow milestones to be achieved.
- To provide a managed forum to discuss and agree resolutions to issues that may impact on the achievement of the above.

The key to a successful outcome in relation to CEC being in a position to be comfortable to sign up to the various agreements and contracts that are currently in the pipeline, will be to avoid surprises and ensure good communication flow between all parties, so all risks and exposure to liabilities can be fully understood.

It will be essential to be mindful of the programme milestones going forward, and to avoid unnecessary delays.

It was noted that a project of this magnitude and complexity will probably present challenges to CEC and tie that are currently unknown, but these issues will need to be dealt with as the need arises.



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2. Tram Programme Update

SC provided an overview of the high level tram master schedule, and a legal agreements work plan indicating the range of agreements and contracts that will require CEC sign off.

This plan covered the range of agreements/contracts:

- MUDFA – Outstanding utilities agreements
- Land Assembly – GVDs, CEC/tie lease, BAA, NR & FP agreements
- INFRACO/TRAMCO

AS to add external legal advisor lead (DLA/D&W) to this work plan and track/update the work plan on an ongoing basis.

AS

GL and AH to identify CEC legal and City Development staffing requirements.

GL/AH

3. Legal Agreements Work Plan - INFRACO

WG noted that the INFRACO contract would present the biggest challenges to negotiate, particularly as the intention is that legal aspects of the contract should be concluded by end of August to allow for preferred bidder selection and recommendation to CEC by end September.

GL noted that CEC require a clear understanding of the proposed contractual arrangements/structure in relation to CEC exposure to risk, liabilities, guarantees/obligations, etc and that a greater visibility to the detail of the contracts would assist the sign off process.

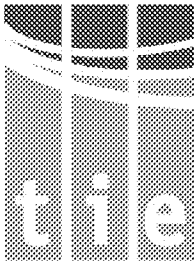
As legal advisors in contractual matters DLA should consider CEC interests as the overarching client.

SC to set up a Legal Workshop with CEC/tie/DLA to go through the procurement strategy, 'where we are now', risk transfer and the INFRACO contract in detail.

SC

From a reporting perspective, it will be important to inform the Council Members on the full implications of the INFRACO contract and the Final Business Case.

Work is currently ongoing on the funding/grant drawdown mechanism, this will be completed within the next couple of weeks.



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4. Legal Agreements Work Plan – Other Agreements

CEC Legal and **tie** currently meet weekly to discuss (mainly) land assembly matters. AS to report to the Legal Affairs Group on progress and any emerging issues of concern. **AS**

SC noted that **tie** had a positive meeting with BAA on 24/07/07, and requested that CEC consider the principle that BAA would prefer to sign up to construction of the tramway on land within their ownership under Licence, to be followed with a Lease to operate and maintain the infrastructure based on an 'as built' position. This is BAA standard practice in these circumstances. It was noted that Network Rail has also indicated a preference to follow a similar licence/lease arrangement.

GL requested that **tie** provide more detail on the implications (from a CEC perspective) of going down this route. AS to arrange for D&W to prepare a note by the end of business Thursday. **AS**

Once CEC have reviewed this document, SC requested that written confirmation be provided to **tie** by close of business Friday. Assuming a positive outcome, this would be very helpful in progressing discussions with BAA and NR. **GL**

WG noted that tie and Network Rail will need to enter into a contract for the immunisation works between Haymarket and Edinburgh Park, this was previously going to be a Transport Scotland activity.

5. Resources

WG offered desk space in City Point for CEC Legal staff. GL indicated that this would be helpful, and will revert to AS who will make the appropriate arrangements. **GL/AS**

8. Future Meetings

It was agreed that the Legal Affairs Group will meet on a 4 weekly basis. Should there be a requirement to meet to resolve particular pressing issues, this can be arranged.

AS to act as group secretary and arrange a suitable date for the next meeting. **AS**