

tie Limited

Minute of the CEC/tie Legal Affairs Group Meeting

Date: Wednesday 5th December 2007

Time: 16:00 to 17:15

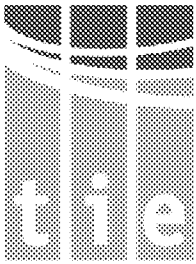
Venue: CityPoint

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|---------------|-------------------|------------|-----|
| In attendance | Steve Sladdin CEC | CEC | SS |
| | Alan Squaire CEC | CEC | ASQ |
| | Colin MacKenzie | CEC | CM |
| | Rebecca Andrew | CEC | RA |
| | Andy Conway | CEC | AC |
| | Willie Gallagher | tie | WG |
| | Susan Clark | tie | SC |
| | Matthew Crosse | tie | MC |
| | Alasdair Sim | tie | AS |

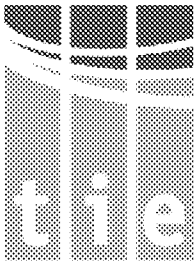
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| Apologies | Jim Inch CEC | Duncan Fraser CEC |
| | Andrew Holmes CEC | Barry Cross tie |
| | Gill Lindsay CEC | Nick Smith CEC |
| | Andrew Fitchie tie /DLA Piper | Graeme Bissett tie |
| | Alan Coyle CEC | |

Circulation Above

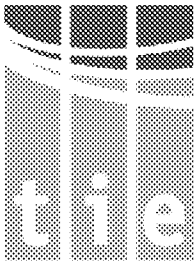
| | | ACTION By | Target Date |
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| 1. | Review of Last LAC Meeting Minutes The minutes from the LAC meeting on 26 th November 2007 were reviewed and discussed. Unless otherwise noted in the following sections, all actions arising from these minutes have been completed by the identified individuals. | | |
| 2. | Review of Task List Schedule AS presented a schedule linking key documents that are required to be concluded and/or agreed prior to submission of the 20 December Council Reports (see attached). These were discussed on an item by item basis. Key points arising from these discussions were as follows: | | |



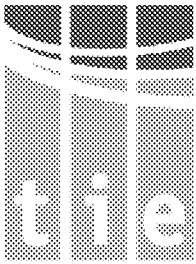
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| | <p>CEC Performance Guarantee Letter</p> <p>CM reported that Andrew Fitchie has been authorised to pass over the draft Performance Guarantee over to BBS for review (subject to final minor drafting from CEC).</p> <p>tie Operating Agreement</p> <p>WG asked if it would be possible to present a 'close to' final draft of this agreement to the tie Board (Tuesday 11th December). It was noted that GB will be meeting with Andrew Holmes in the late afternoon of 5/12/07 to discuss the tie Operating Agreement with a view to agreeing outstanding points. GB will brief WG.</p> <p>TEL Operating Agreement</p> <p>It was agreed that this document is not on the critical path for the 20 December 2007 Council Meeting. It was however agreed that a recommendation regarding passing down delegated authority to TEL and to the Tram Project Board should be added to the CEC Council Report. CM to provide the relevant drafting for this report.</p> <p>PWC Duty of Care</p> <p>CEC accept PWC Duty of Care, GB to pursue same from TEL.</p> <p>Edinburgh Airport Ltd</p> <p>The licence is in agreed for and ready for signing. AS to confirm clause 6.1 in the lease is acceptable to TEL and report back to CM. Confirmation of this and the lease can also be signed.</p> <p>Network Rail</p> <p>The lease is in agreed form. This is a significant positive step forward.</p> <p>The APA is not yet in agreed form, but drafts are currently being exchanged between MacRoberts and DLA. D&W have undertaken a consistency property review of the APA. Aiming to reach an agreed form of wording by 10/12/07.</p> <p>It was noted that the APA cannot be signed off until the Depot and Station Change Procedures have been accepted by FSR (and the TOC's, where relevant).</p> | <p>GB</p> <p>CM</p> <p>GB</p> <p>AS/CM</p> <p>AS/DLA</p> | <p>6/12</p> <p>14/12</p> <p>6/12</p> <p>6/12</p> <p>10/12</p> |
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| | <p>NR have agreed in principle to allow BBS access to non depot and station areas if the terms of the APA are agreed. This remains a programme risk. SC to check critical path implications on MUDFA and INFRACO programmes with Tom Hickman</p> <p>AS meeting with FSR depot manager on 7/12/07 and to report fully on depot change requirements to LAC on 10/12/07.</p> <p>Station Change documentation is awaiting SDS design for access road to Haymarket Car Park. AS to speak with Gordon Stewart (FSR) to determine who may be the best contact to take these matters forward.</p> <p>WG noted that the compensation claim for loss of parking spaces must not become a 'ransom strip' issue. If necessary Transport Scotland may be able to assist.</p> <p>The Framework Agreement has three outstanding issues to agree with NR; these are</p> <ul style="list-style-type: none"> ▪ Bridge Agreements (NR suggest these be drafted according to a new NR template) ▪ NR want CEC to give up the right to CPO when the lease commences ▪ NR cannot prove clean title to the Keeper at present. It may be possible for NR to register the leased area under <i>Anno Domini</i> title (this gives NR the right to claim full title after 10 years, if unchallenged). <p>The framework agreement is not a critical document for INFRACO.</p> <p>Transport Scotland Funding Agreement</p> <p>RA reported that most issues in relation to the funding letter have been resolved and good progress is being made. The funding for 2008 is limited to £120m, but there may be scope to increase this if necessary during the later part of next year.</p> <p>Final Business Case</p> <p>It was noted that CM will liaise with GB to ensure that the governance section of the FBC mirrors that in the CEC Council Report.</p> | <p>SC</p> <p>AS</p> <p>AS</p> <p>GB/CM</p> | <p>6/12</p> <p>10/12</p> <p>6/12</p> |
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| <p>Council Report</p> <p>It was noted that the CEC report is scheduled to be made available to members on Friday 14 December 2007.</p> <p>RA reported that the current expectation is that 3 reports will be prepared, these being:</p> <ul style="list-style-type: none"> ▪ The DTZ report on the £45m CEC funding contribution. This is a positive report and was prepared in response to a Conservative Group request. ▪ A report covering governance, delegated authorities, contract negotiations, funding, approvals and process, FBC etc. No details on the final BBS price are expected to be in this report. ▪ A report on the final price from BBS following WG and MC's meeting in Germany on 13/12/07. <p>WG noted that this was not his understanding of discussions held with AH on 3/12/07. He had expected the focus to be on the £45m contribution report, with a short update for members on the expectation that the tram project can be delivered in line with the business case (£498m).</p> <p>MC noted that it is imperative that the CEC reports do not become public or are leaked prior to the final negotiations with BBS in Germany, particularly if these reports contain details and breakdown of contract values, contingencies, risk and other cost items. This could constrain the tie negotiating position.</p> <p>MC also noted that between the 20 December Council Meeting and 28 January 2008 (Financial Close) there will be further negotiations taking place, more design being completed and some risks mitigated, as a result some movement is likely (probably both up and down) in final project cost profile.</p> <p>A discussion on the most appropriate way to present project costs and contract values in the CEC Report did not lead to a clear resolution. It was agreed this decision should be progressed at the TPB on 7/12/12.</p> <p>AC to speak with Alastair Richards (TEL) regarding the potential implications for allowing bikes on trams. This issue has been raised as a motion by members. A decision to be taken on how this is to be included in the CEC report.</p> <p>DLA have prepared a draft letter outlining the residual risk</p> | <p>WG</p> <p>AC</p> | <p>7/12</p> <p>7/12</p> |
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| | allocation in the contracts. GL has had sight of this report but has yet to provide comment internally within CEC. AH/DMcG/WG to discuss how this is to be reported in Council report. | WG | |
| | Next Meeting Monday 10 th December @ 4:00pm at Citypoint | | |