
From: Reynolds, Steve
Sent: 20 February 2008 17:27
To: Geoff Gilbert
Cc: Atkins, Chris; Chandler, Jason
Subject: Novation - PB's position

Geoff

As discussed in our earlier meeting, Chris and I have now carried out our promised review which has resulted in the following set of bullet points for your consideration. We confirm that we are available for a meeting on Monday 25 Feb and look forward to working with you towards successful conclusion of the Novation Agreement

Regards - Steve

- **tie** to instruct SDS to amend the design in order that it is aligned to the Employer's Requirements (in their form at the date of this Agreement) and the Infraco Proposal. Such instruction to be issued through the Change Order process with suitable financial values and programme impact agreed. Such amendments to be included in Appendix Part 5 of the Novation Agreement. As the Infraco becomes the client under the terms of the SDS agreement, sufficient warranty from the SDS is provided in the SDS agreement.
- Any further design development that may required to align the design with the Infraco's installation works to be instructed as a Change Order to the SDS Agreement in accordance with terms of the SDS contract.
- LD's. In order to provide a commercial proposal we would request sight of the draft clause in the Infraco Contract. We note that the terms as at 12 February 2008 clause 62 is now blank with reference "Separate LAD's paper under discussion."
- Please can you provide the latest draft Infraco contract. (current issue we have is 12 February), including schedules 7, 10, 24, 33, and 2.
- Collateral Warranties to NR and BAA. This is not a requirement of the SDS contract and we note that clause 28.7 of the Infraco contract specifically excludes the SDS provider from providing a warranty. Clause 29.11 of appendix 1 of the Novation agreement should therefore be removed. In addition there is no need for clause 29.10 as clause 29.6 already requires the SDS to provide a warranty to **tie**. We are committed to providing this warranty to **tie**.
- Office space for the SDS provider. Working space and all office facilities to be provided free of charge to the SDS provider for the staff currently located in **tie**'s offices.
- BBS Quality Management System. Our technical staff are currently reviewing the system and we will comment in due course.
- Infraco Purchase Order. We note the comment at the meeting of 19 February that Bilfinger will be issuing a PO for the provision of the SDS contract. Please we can receive a draft on or before 25 February.
- Acknowledgement of Payment. Clause 8 of the Novation Agreement must be honoured in full by **tie**. The Claim Agreement terms for the sum of £2.5 Million must be signed once and for all by **tie** by 22 February 2008. Payment of the terms of the Claim Agreement must be honoured in full as part of the Clause 8 obligations.
- Construction Support. We are currently preparing an organisation chart with CV's and day rates. We anticipate being able to provide this on or before 29 February.
- Incentivisation. Please provide details.
- PCG. This is being reviewed by PB Uk Board.
- Change of Law. We believe that the terms of the SDS agreement are sufficient

