

Mandy Wilson

From: Willie Gallagher [Willie.Gallagher@tie.ltd.uk]
Sent: 18 March 2008 06:50
To: Gill Lindsay
Cc: Andrew Fitchie; Andrew Holmes; Steven Bell; Renilson, Neil;
 david_mackay@██████████; Graeme Bissett (external contact)
Subject: RE: Pin Notification

Gill,

We are not proposing any changes to the OCIP cover for damages & consequential losses which is capped at £155m per incident. We have a proposal on the table to increase our current flm insurance pot for "pure economic loss not connected to a damage incident" from flm to £2m for £20k additional premium. The advice of Heath Lambert is that we are currently extremely well provided for, but we plan to increase the cover nevertheless.

What is left is uninsurable events. What is proposed is that BBS will establish a £3m fund. We have also proposed (but not yet accepted) is that once the Tram Construction is complete, remaining monies in the pot will be split equally between BBS and tie.

For all insurable events, regardless of breach, negligence or contract compliance, it will be the project's OCOP Insurance that will be claimed first.

I will let Andrew reply on the legal questions.

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

From: Gill Lindsay [mailto:Gill.Lindsay@edinburgh.gov.uk]
Sent: 17 March 2008 22:52
To: Willie Gallagher
Cc: Andrew Fitchie; Andrew Holmes
Subject: RE: Pin Notification

Willie, thanks. Andrew can you please provide details of what is now to be agreed for breach, negligence, is there a cap and what are the details, is there a corresponding commercial position as discussed earlier, and will additional OCIP insurance be taken out and at what level.

Thanks
 Gill

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

From: "Willie Gallagher" <Willie.Gallagher@tie.ltd.uk>
To: "david_mackay@██████████" <david_mackay@██████████>; "Renilson, Neil" <NRenilson@LothianBuses.co.uk>
Cc: "Andrew Holmes" <Andrew.Holmes@edinburgh.gov.uk>; "Gill.Lindsay@edinburgh.gov.uk" <Gill.Lindsay@edinburgh.gov.uk>; "Donald McGougan" <Donald.McGougan@edinburgh.gov.uk>; "Graeme Bissett (external contact)" <graeme.bissett@██████████>; "Fitchie, Andrew" <Andrew.Fitchie@dlapiper.com>; "Steven Bell" <Steven.Bell@tie.ltd.uk>; "Susan Clark" <Susan.Clark@tie.ltd.uk>; "Stewart McGarrity" <Stewart.McGarrity@tie.ltd.uk>; "Geoff Gilbert" <Geoff.Gilbert@tie.ltd.uk>; "Matthew Crosse" <Matthew.Crosse@tie.ltd.uk>; "Jim McEwan" <Jim.McEwan@tie.ltd.uk>
Sent: 17/03/08 20:24
Subject: Pin Notification

We have made satisfactory progress with our negotiations with BBS today on the issue of Third Party Liability. We had a meeting tonight with Andrew and Gill which talked them through the position reached. In essence, BBS now accept liability for Breach of Contract. Rather than have a qualification, we have agreed a Cap which has a potential upside for the project.

We would like to proceed to issue the PIN tomorrow. The plan is to:

- (a) Teleconference with Heath Lambert for Gill to discuss OCIP and understand what OCIP doesn't cover - around 11am
- (b) BBS to confirm in writing a summary of the overall InfraCo deal - to be provided prior to the PIN being released. Verbal confirmation prior to noon.
- (c) Seimens Board approval circa lunch-time, BBS already approved.
- (d) 12noon meeting with CEC - Andrew, Donald & Gill to formally communicate outcome of negotiations and to exchange the DLA letter of support and the tie letter confirming Value for Money. It would be beneficial for Neil and David to attend this meeting as we can then give approval to let the PIN go once the letter from Tom A is received,

Hopefully, once we have the Tom A letter and the BBS written and signed proposal, we will release the PIN.

This timetable means that the earliest we can sign the contracts is Saturday March 29th. If we achieve this, we can draw down the TS money on the 31st as per plan.

Kind regards,

Willie

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