
From: Anthony Rush [rush_aj@[REDACTED]]
Sent: 20 June 2010 17:26
To: 'Fitchie, Andrew'
Cc: david_mackay@[REDACTED]; Richard Jeffrey; 'Jim Molyneux'; 'J Blair Anderson';
'William Mowatt'
Subject: RE: Project Carlisle

Follow Up Flag: Follow up
Flag Status: Flagged

Yes I agree – I made very much the same points to EK.

I obviously haven't built storage space for trams but over the years I have for precast concrete beams etc and I know that £2million buys a lot of space. Seems as though there is a lot of betterment value.

An issue that has troubled me is why are CAF so far ahead of the rest of the Works? I agree that Alastair needs to be asked to understand all of this.

Tony

From: Fitchie, Andrew [mailto:Andrew.Fitchie@dlapiper.com]
Sent: 20 June 2010 16:41
To: Anthony Rush
Cc: david_mackay@[REDACTED]; Richard Jeffrey; Jim Molyneux; J Blair Anderson; William Mowatt
Subject: RE: Project Carlisle

Legally privileged and Foisa Exempt

Tony

Maybe not a moderate view, I know (and I appreciate that CAF really are the good guys here - but my immediate thought on storage charges from CAF is that these should be swallowed at least in part within the Consortium unless **tie** accepts absolute responsibility for late completion of the Depot.

Also, do these facilities for CAF require "construction" - there must be some old naval depot, shipyard or aircraft hangers about for lease, surely - *Alastair will have a view?* I wonder if there is any tax advantage for **tie** if payment of these tram storage costs could be deferred in some way and put into tram maintenance costs, so that it becomes an operational rather than capital expense during the operation (or least the commissioning) phase of the project - *Stewart or Graeme?*

kind regards

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From: Anthony Rush [mailto:rush_aj@[REDACTED]]
Sent: 20 June 2010 16:06

To: Fitchie, Andrew

Cc: david_mackay@[REDACTED]; 'Richard Jeffrey'; 'Jim Molyneux'; 'J Blair Anderson'; 'William Mowatt'

Subject: RE: Project Carlisle

That's how I see it and why and what they mean by "mature divorce" – that is divorce by BB from Infracore. I have never seen the practicalities of that from a procurement point of view – but Carlisle goes as far as we can I think. It surprised me that they offered a design solution to Newhaven – which I think implies Siemens wishes to stay in – hence Flynn's problem because EK will have focused the spotlight on Siemens – but Siemens won the argument.

They are trying to satisfy CAF by getting us to agree to a payment of £2m to build additional tram storage in Spain (see the letter 5951 dated 9 June -to which I am thinking of a reply – and excludes all work from the Terminal Point to Newhaven).

Tony

From: Fitchie, Andrew [mailto:Andrew.Fitchie@dlapiper.com]

Sent: 20 June 2010 15:28

To: Anthony Rush

Cc: david_mackay@[REDACTED]; Richard Jeffrey; Jim Molyneux; J Blair Anderson; William Mowatt

Subject: RE: Project Carlisle

Legally privileged

Tony

Having worked for six years at Philipp Holzmann AG:

1. The control on a distressed overseas project would have been a central risk unit (Vertragswesen) reporting direct to the Main Board. One of their first jobs would have been to review the bid which would have been verified by the central Kalkulationsabteilung (Estimation Dept). Someone in Ken Reid's position would have had input to what VW were saying, but Finance and Legal were as powerful. I do not think things will be that different at BB.

2. It was not uncommon for a hired gun to be brought to make recommendations/provide the evidence for the taking of harsh decisions - this was seen as a way of unjamming entrenched/biased views (where reputations, star project managers' careers and remuneration might be in play).

3. The level, scope and duration of influence of the hired gun would depend upon who had hired him. The whole of my six years in Frankfurt , my boss, the Director of Overseas Division was a hired gun reporting to the CEO who had made his reputation in Saudi Arabia. Sometimes, the edict was "Sort this out and we do not want to know anything more about it". That meant the hired gun had to take Corporate Finance Legal//Risk with him -or not if he had the *cojones*.

For timing on Carlisle , then, as you say, I would think it is important to know where EK's authority is coming from and how Siemens/CAF are bound by it.

On timing in fact, I am looking to cut a week off my planned holiday - so that I will be away from 23rd June to 30th June only.

kind regards

Andrew S. Fitchie

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From: Anthony Rush [mailto:rush_aj@██████████]
Sent: 20 June 2010 12:40
To: Fitchie, Andrew
Cc: david_mackay@██████████ Richard Jeffrey; Jim Molyneux; J Blair Anderson; William Mowatt
Subject: FW: Project Carlisle

Andrew,

At the possible risk of getting boring I think I should record some observations on yesterday's meeting.

Edward Kitzman is something of an enigma presenting several contradictory explanations of his role, authority and sponsors.

In my view he could be a catalyst for a solution – he isn't the solution. He lacks experience and knowledge of just about every aspect of the issues facing us, other than he can exercise whatever authority and power he has in Blifinger Berger and to the extent that Siemens and CAF are willing to go along with him.

I am not clear who will manage the project going forward.

I suspect he may be a highly rewarded "free-lance" – which explains his "scarlet pimpernel" act.

I don't think he has a direct line to the "top" which he appears to identify as "Ken Reid" – I think he works for Secretary to the Construction Board. But I would not doubt that he has contact with Ken Reid who wants to sterilise their faults as quickly as possible.

He has no respect and expresses open derision for all of his colleagues in BB and Siemens – the only person he seems to relate to is the Quantity Surveyor; Hogg (Jim agrees with him on Hogg)

He regards Darcy as having failed. Darcy, he tells was employed to bring harmony to the Construction Board and between Walker and Foerder (who are on the same level) – Darcy has failed in both counts by agreeing with everybody. "There will be changes".

He confirms that Flynn is discredited.

He says that he was sent here to close the project down – but discovered that all wasn't what the Executive Board had been told – he says he has to persuade them of this.

I set him some tests:

 I suggested that BB should issue a constructive press statement (having consulted tie) which confirmed their willingness and gave credit to tie's efforts in protecting the taxpayer – he agreed to set this up saying he had thought that too.

 I offered to ask the Chairman to write a letter of support for his Visa – he says he will come back on it.

 I expressed my admiration for Steven Bell - he didn't demur or repeat the "party line".

Yesterday he was very willing to agree and say that what was tabled was very helpful – we will be able to judge him by his response.

Tony

From: Edward.Kitzman@civil.bilfinger.co.uk [mailto:Edward.Kitzman@civil.bilfinger.co.uk]
Sent: 20 June 2010 10:41
To: Anthony Rush
Subject: Re: Project Carlisle

Thank you for the cleaned documents, I have done some work on them already, but have no intent to get too carried away. I have a few more conversations to finish, and hope to have them back to you overnight, if not sooner. I realize the pressures being exerted to find an agreement to move forward and believe this document has the best chance of facilitating that, and if not I, more likely we, will know we gave it a proper effort. I personally have high hopes and expectations for success.

[REDACTED]

I will keep in touch while away.

Sent from my Bilfinger Berger Civil BlackBerry wireless device. . . .

From: "Anthony Rush" [rush_aj@[REDACTED]]
Sent: 20/06/2010 10:33 CET
To: Edward Kitzman
Cc: "J Blair Anderson" <blair.anderson1@[REDACTED]>; "William Mowatt" <william.mowatt1@[REDACTED]>; "Jim Molyneux" <jim.molyneux@gordonharris.co.uk>
Subject: Project Carlisle

Ed,

I attach clean copies of:

-  Explanation of Scope; and
-  Explanation of Completion Dates.

I am pleased that we are able to agree that these documents should provide a guide towards reaching a GMP which I believe can be successful and from what you said you think should be. I would appreciate it if there are any issues that need further explanation that they are dealt by discussion, rather than being seen as reasons for break-down. The Heads of Terms I refer to are those which are already with you.

We also talked about the four points raised by Richard Walker in his letter dated 11 June and you were very candid in apologising on the basis that there is little we can do more than we have. However, if there is anything we can do please let Blair know.

Thank you also for your candid approach to the problems on Princes Street and confirmation that cores show lack of compaction in the flanges. I do agree that polymer/epoxy bonded repairs could be considered as a temporary measure. There are specialists contractors who can provide durable repairs under traffic. I think we should let the long-term solution emerge through the design process. But we should leave those at Edinburgh Park to work it out together.

I wish you luck with SDS – if you get them to issue completed design by mid-July I will really take my hat off to you. I think we agree that the problems with the flooding at the Airport can be solved simply, but are being complicated by PI protective attitudes. Frankly I despair as this attitude pervades so much these days. Again, anything we can do to help just shout. I am still waiting a constructive reply from Nick Flew at PB.

I hope that the explanations help remove the barriers and look forward to seeing you back in Edinburgh.

Kind regards.

Tony

PS: I am in Norway from 23 to 28 June (with my lap-top) – in my absence Jim, Bill and Blair will deal with any queries you may have.

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