

tie Limited

Notes of Commercial Meeting

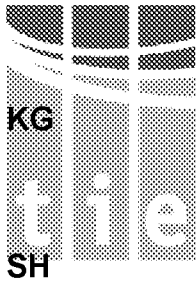
Date: 28th March 2007

Time: 11:00

Venue: Verity House

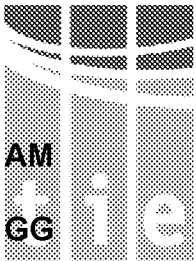
In attendance	AMIS - Steve Hudson, Andy Malkin, Keith Gourlay. tie - Susan Clark, Geoff Gilbert, Graeme Barclay, Martin Hutchinson.
Circulation	Attendees

Speaker	Notes	Action
GG	<p>Procurement constraints prevent a radical change of direction in terms of contract conditions</p> <p>There is no need to differentiate between the "Transition Period" and Construction Services.</p> <p>Agreement is needed on how we value Preliminaries (both Contract and Work Sector)</p> <ul style="list-style-type: none">- rates/prices do exist <p>Prelims – Pre agree resources required for programme AMIS value at contract rates (both contract and work sector)</p> <ul style="list-style-type: none">- Agree how these may have to change as design emerges.- Do not adjust as a result of AMIS default <p>AMIS confirmed that a revised programme has now been issued.</p>	
SH	<p>Do we still evaluate a "Transition phase"?</p> <p>Do we review the forecast prelims each period?</p> <p>The ad measurement of prelims to provide a rolling final account would preclude the risk of a prolongation and/or disruption claim at the end of the project.</p>	
GG	<p>The principle being proposed follows the existing contract mechanisms i.e. re-measurement of quantities including quantities of prelims.</p>	
AM	<p>Trust is essential – mistakes will occur.</p> <p>Sensible management of resourcing is necessary.</p>	



An exercise is necessary to establish the contract risk/overhead allocations (i.e. what is in the rates and what is in the percentage for overheads and profit).

- SH** In respect of the productive work elements :
 - difficulties in applying scheduled rates within transition period are anticipated;
 - a reimbursable arrangement may be preferable.
- GG** AMIS need to explain this and come forward with a proposal e.g. for trial area
 Tie need to be satisfied that value for money is being achieved
- SC** Public Relations risk associated with ad hoc activities throughout Edinburgh was discussed.
- KG** Each month saved on programme saves at least £600k
- GG** Item 6 – Pre construction Deliverables:
 - Parties to define what is required and when.
- AM** PCS Deliverables delivered and returned by **tie** with comments:
 - these are being incorporated by AMIS.
- MH** As a result of the delayed release of design by SDS, PCS Deliverables must continue to develop post end March 2007.
- SH** Establish what needs to be completed to allow work to begin
- SH** Requested that the costs in the MUDFA Agreement should be paid as original price
- GG** Would like to adjust this figure based on the re-measurement principle discussed
- KG** 1,938 days were allowed in contract costing (£966k).
 Actual cost is £60k more than this.
- GG** KG to provide evidence to MH to validate contract price KG
- SH** Will accede to validation process proposed by GG
- SH** Parties to record agreement of price for PCS at end March 2007. KG/MH
- GG** Timetable: Agree PCS
 Programme has to be owned/driven by tie.
 AMIS programme has target start based on SDS Design dates.
 Certainty of these dates is necessary.
 RATS process will sustain/improve this.
- GB** J.McAloon now responsible for design production associated



with each drawing (1290 No)
 W.Jarvie to Produce integrated programme based on these design dates
 AMIS to provide prelims, resources and costs associated with the current AMIS programme for:
 a) first 3months

AMIS – W.Jarvie

AMIS by 30/03/07
 Agreed by 13/04/07

b) Rest of contract – after firming of programme agreed

AMIS by 30/04/07
 Agreed by 31/05/07

AM Trial Site – Proposal imminent
 proposes valuation at cost plus 15% margin

MH This is at variance with the MUDFA Agreement e.g.
 - margin shown at 8.8%

SH AMIS anticipate double digit margin on the project
 - AMIS confident that 8.8% margin on cost is insufficient

GG MH to discuss with G.Gilbert and respond to AMIS
 Cost +15% has to be limited to small amount of advance works
GG Formal written agreement to the revised commercial arrangements be put in place by exchange of letters (after comments on proposal by AMIS)

MH/GG
 Note!
 AMIS/tie by 6/4/07

GG Value Engineering Incentive
 - No longer works
 - Incentivisation is desirable
 - Works order/section basis
 - Target based on Estimate to set AFA
 - Programme target to be established
 - Non-contractor interventions not to affect incentive

AM Beware of risk of compromising safety driven by desire to finish early

GG - segregate change from AFA/target set at estimate
 - detail needs to be developed by tie/AMIS
 - proposal needed
 - phase 1B – needs to be treated separately
 - longstop date (LDS)

GG/MH/GB
 by 03/04/07

MH - 2 dates now needed (For 1A, 1B)
 - Liquidate Damages - level may need to be reviewed?
 - Review dates/level of LDS

tie/AMIS
 GG
 30/4/07

Change Control

GG - need for quick decisions on site
 - TQ system to be adopted by AMIS including a proposed resolution to each problem

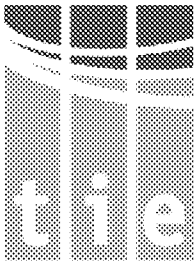
GB
 AM

GG Key milestones document – by AMIS for submission to GB.

AM/KG by 13/04/07

SH Any Other Competent Business
 AMIS commitments to spend – mechanism for agreement for payment needed (e.g. high cost cable)

tie/AMIS



AMIS to provide a schedule of this material (cable) AM
The same principle may apply with labour (SGN resourcing) – SH
SH to advise **tie** as work progresses
Trial Holes – AMIS has identified 34 no extra trial holes (in potentially difficult areas)
AMIS to submit to tie today for SDS approval and tie change instruction (Approx 150 No. Gang days) AM
Within PCS Services Lump Sum Price is an allowance of circa £169k which is reimbursable to **tie** if not expended by AMIS.
AMIS advise that a part of this is for staff transition costs (£22k) – AMIS to provide evidence to **tie**. KG
Performance Bond – GG to advise AMIS date of commencement. GG
MH leaving **tie** – middle to end of May 2007

AM

EARL – AMIS has submitted a bid
Decision from tie needed SC/GB
Ingliston Temporary Car Park
Decision needed from L.Murphy SC/LM
MUDFA – AMIS looking for 2 No. Jacobs engineers for preparation of thumbnail sketches GB
Gogar Depot advance works
- priced as a single package
- **tie** now asking for smaller parts to be done separately
- **tie** validating prices (J.Pantoni)
- change order issued for devegetation works
- decision will be made within 2 weeks on bulk earthworks proposals GG by 13/04/07
Buildability – report presented by AMIS for review by tie GG