Sandra Elgin

From:

Alastair Maclean

Sent:

23 April 2011 13:13

To:

Sue Bruce (Chief Executive); Dave Anderson; Donald McGougan

Subject:

Fwd: MOV4 - Report

Attachments: Report in relation to MOV4 - 23 April.DOC; ATT1470335.htm; logo.jpg; ATT1470336.htm; strap.jpg;

ATT1470337.htm; TL2010Winner.JPG; ATT1470338.htm

FYI.

Begin forwarded message:

From: "Macphail, Iain" < Iain. Macphail@mcgrigors.com>

To: "Alastair Maclean" < Alastair. Maclean@edinburgh.gov.uk>, "Steven Bell"

<Steven.Bell@tie.ltd.uk>

Cc: "Carol Campbell" < Carol. Campbell@edinburgh.gov.uk>, "Graham, Drysdale"

"Richard Jeffrey" < Richard. Jeffrey@tie.ltd.uk>

Subject: MOV4 - Report

Alastair, Steven

Following last week's meeting, I attach our report on MOV4. Happy of course to discuss any aspect of this.

Regards

Iain

Iain Macphail Partner Construction Procurement for McGrigors LLP



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PRIVILEGED IN CONFIDENCE FOI(S)A EXEMPT

Report in relation to the proposed Minute of Variation to the Infraco Contract ("MOV4") to be entered into among tie Limited ("tie"), Bilfinger Berger Civil UK Limited ("BBUK"), Siemens plc ("Siemens") and Construcciones Y Auxiliar de Ferocarriles SA ("CAF") and related issues

We have been requested by City of Edinburgh Council ("CEC") to prepare a Report:

- setting out in high level terms the parties' respective positions in relation to the material commercial points, and the final position reached on each of those in MOV4 (being the agreed form document that was signed off on behalf of each of CEC/tie, BBUK and Siemens at around 2.15 on the morning of Saturday 16 April 2011 in Edinburgh) (see Section A)
- summarising the key operative provisions of MOV4 (see Section B)
- highlighting certain concerns in relation to the payment proposed to be made by tie to Infraco
 on Tuesday 26 April 2011 (see below)

This Report is intended to provide to CEC detail in relation to the position that has been captured in MOV4, following on from the Mar Hall Heads of Terms (the "Heads of Terms") and therefore to allow CEC to make an informed decision as to whether it can accept the position set out in MOV4 or whether it will seek to enter into further discussions with BBUK, Siemens and CAF (together "Infraco").

We would note the following:

- although CAF is required to be a party to MOV4, neither CAF nor its advisers were involved in the final discussions concerning MOV4 and have not approved its contents although we understand that an earlier redacted draft of MOV4 was provided to CAF by BBUK/Siemens.
- we took instructions from Colin Smith/Hg Consulting in relation to commercial matters and the CEC legal team in relation to legal matters
- we have provided advice separately in relation to procurement issues
- we have not reviewed the schedules to MOV4 (other than the Change Procedure)
- we are aware that tie has provided to CEC a report in relation to MOV4 and we will produce a response to that report in due course

Payment matters

We would highlight certain concerns relating to payment by tie of certified sums to Infraco (which is scheduled to take place on Tuesday 26 April 2011):

- as noted above, we do not have confirmation that CAF has agreed the terms of MOV4
- the Certifier (Hg Consulting) has a key role pursuant to MOV4 he is for example responsible
 for certifying the applications for payment that are provided for within MOV4. At this stage,
 there is no contract in place regulating Hg Consulting's performance or dealing with PI/liability
 matters

We would recommend that as a minimum these issues be addressed prior to tie making any payment to Infraco.

We highlight again that we understand that MOV4 is in any event not going to be signed by the Parties before 12 May 2011 and that the proposal is for CEC to issue to Infraco a letter of intent attaching the agreed form MOV4 and that payment will be made to Infraco prior to execution of MOV4. Clearly there is a risk to tie/CEC in making payment to Infraco in circumstances where the contract regulating the parties' respective rights and obligations has not been entered into.

Section A

BACKGROUND TO MATERIAL COMMERCIAL POINTS

INTERACTION BETWEEN MOV4 AND THE MINUTE OF VARIATION TO BE ENTERED INTO IN RELATION TO THE OFF-STREET WORKS AND THE ON-STREET WORKS

The Heads of Terms anticipated that a minute of agreement would be entered into in relation to the Prioritised Works (being MOV4) and that a further minute of agreement will be entered into not later than 1 July 2011 in respect of the Off-Street Works and the On-Street Works (this agreement will be "MOV5"). There was a great deal of debate in relation to the purpose and scope of MOV4 and also how it will interact with MOV5.

Purpose and scope of MOV4

The approach of Bilfinger Berger and Siemens ("BBS") to MOV4 was to seek to include in MOV4 as much detail and protection as they could in relation to issues that were far wider-ranging than simply dealing with the Prioritised Works (eg seeking to agree a new Programme for the entirety of the Infraco Works).

Ultimately (and with certain exceptions, such as in relation to the adjustment of the Planned Sectional Completion Date for Section A in the Infraco Contract (which is covered below)) the position was reached that MOV4 focussed on the Prioritised Works, with wider project issues to be addressed in MOV5.

Failure to enter into MOV5

BBS's understanding of what had been agreed in the Heads of Terms was that where MOV5 is not entered into **for any reason** the Infraco Contract would automatically terminate on 1 September 2011 (with the respective rights of the parties at that point retained). The Heads of Terms did not however say this – they provided that automatic termination would only apply as BBS anticipated where MOV5 was entered into subject to funding and that funding was not obtained on or before 1 September 2011, the Heads of Terms did not deal with any other scenario.

Our view was that the Heads of Terms accurately reflected the tie/CEC position, ie that in all other circumstances where MOV5 was not entered into on or before 1 July 2011, the Infraco Contract in full was re-activated and the moratorium on the various Disputes came to end (ie "attrition" recommenced).

The tie/CEC view was that it was important for the purposes of negotiating MOV5, that those negotiations took place against a background of both parties being incentivised to reach agreement (as the consequences of attrition were unpalatable to both sides) rather than tie/CEC being in a position where failure to reach agreement in all circumstances led to automatic termination (and with that, the removal of all of Infraco's existing obligations under the Infraco Contract).

This was an extremely sensitive point for BBS as in their view to re-activate the Infraco Contract in all of these circumstances was inappropriate because tie/CEC had already advised Infraco that tie/CEC did not have sufficient funds to meet its obligations under the Infraco Contract.

What was eventually agreed was that in order to:

- be consistent with the Heads of Terms
- otherwise seek to leave the parties in no worse and no better position than would have been the case had MOV4 not been entered into
- still allow the Prioritised Works to commence and the interim payments to be made

there would be a development to the Heads of Terms setting out the different consequences of a failure to enter into MOV5 as a result of a funding issue or some other issue. The position reached in

relation to the different scenarios is covered in clause 3 of MOV4 and is set out in Section B of this Report. To briefly summarise:

If the parties have not entered into either an unconditional MOV5 or a conditional MOV5 (subject to funding) on or before 1 July because of a tie/CEC funding issue then:

- the Prioritised Works shall continue until 1 September but the Infraco Works will remain switched off
- automatic termination of the Infraco Contract (and MOV4) shall take place on the terms set out in the Infraco Contract on 1 September
- the parties shall discuss any other separation terms
- payment of the sums referred to in clause 8 (see Section B of this Report) shall continue.

If the parties have not entered into MOV5 on or before 1 July for other reasons:

- the Priority Works shall cease on 1 July
- the Infraco Contract shall resume (as was) and the Infraco Works shall be recommenced on 2.
 July
- the moratorium in relation to the various Disputes will end one week after 1 July

AMENDMENT TO PROGRAMME

The view of BBS was that as Infraco has been instructed to carry out the specific Prioritised Works, the Programme for the **entirety** of the Infraco Works should be adjusted to reflect this. This was strongly resisted by tie/CEC on the basis that revised Planned Sectional Completion Dates to reflect a Programme updated by Infraco would wipe away potential claims that tie would have should hostilities recommence.

It was ultimately agreed that to allow BBS to make the sub-contract/supply chain commitments that it needed to do to work towards the revised target completion date for the Depot, the Planned Sectional Completion Date for Section A only would be moved (to 16 December).

Clearly tie/CEC is therefore waiving rights in relation to the claims in respect of delayed completion relative to that Section. Hg Consulting advised on the commercial aspects of the rights being waived by accepting this position.

PAYMENT

There were extensive discussions with Siemens in relation to the payments which are due to be made to them in respect of certain Materials and Equipment after the date on which MOV5 is intended to be entered into (ie payments due on 13 July 2011 and 10 August 2011).

The tie/CEC position was that these payments were conditional on entering into MOV5, while Siemen's very strong view was that they had been asked to profile the payments in this way.

It was ultimately accepted by CEC that the conditionality in respect of payment (ie linking to execution of MOV5) could be removed on the basis that Siemens must produce a vesting certificate in respect of the Materials and Equipment to the relevant value (to be certified by Hg Consulting).

PRIORITISED WORKS COMMENCEMENT DATE

There are certain conditions precedent to Infraco's obligation to commence the Prioritised Works (see Section B below, in particular the section in relation to clause 3, for the detail of these conditions precedent).

Of particular note is the link to Outstanding Consents. On the issue of Outstanding Consents:

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- BBS's starting position was that all Outstanding Consents required for the Prioritised Works
 had to be procured by tie before they were obliged to commence. The tie/CEC position
 (which prevailed) was that only those Outstanding Consents required to commence the
 Prioritised Works were needed.
- The Outstanding Consents are drawn from a discrete list set out in Hg Consulting's report that will form a Schedule to MOV4 and it is understood that from a commercial perspective it is agreed that tie will be obliged to procure these particular consents (with the responsibility for procuring consents other than those set out in the Schedule remaining with Infraco). It will have to be confirmed from a technical/commercial perspective that the Schedule is correct.

It is noted that Hg Consulting is aware that the agreed Prioritised Works Programme anticipates a commencement date for Princes Street works which cannot be achieved because of the lack of consents and the period that is required to procure these consents (it was acknowledged by Hg Consulting that Infraco had been instructed **not** to seek to procure the Princes Street consents for the time being).

FAILURE BY TIE/CEC TO PROCURE ACCESS

It was accepted that the commercially settled position was that tie/CEC is responsible for procuring access for the Prioritised Works to be carried out. Infraco's position was that access for all of the Prioritised Works should be provided at the outset. The tie/CEC position (which prevailed) was that access need only be provided to the extent needed to carry out the Prioritised Works in accordance with the Prioritised Works Programme.

In addition, Infraco sought to retain an ability for the Prioritised Works Programme to be extended in respect of all consequential delays caused by any failure by tie/CEC to procure access as required. The tie/CEC view was that this could lead to complex and protracted discussions (and potentially disputes) and was not desirable. A commercial agreement was reached in terms of which the Prioritised Works Programme will be extended by a day in respect of each day in which relevant access is not provided.

PRELIMINARIES

Payment in respect of Preliminaries was a key issue for BBS. In their view, the Infraco Contract (and a subsequent adjudicator's award on the issue) is clear that Infraco is entitled to its Preliminaries on the basis of the passage of time and that payment of Preliminaries is not linked to the progress of the Infraco Works.

Following protracted negotiations, it was agreed that there would be a risk share – in the event that the Prioritised Works are behind programme for reasons that are tie's risk then Preliminaries will be payable in respect of the delay period. Where the Prioritised Works are behind programme for reasons that are not tie's responsibility Hg Consulting will make an assessment of any Preliminaries which would be properly due to Infraco in respect of the delay period. This will be covered in the responsibilities of Hg Consulting in the Certifier Agreement.

CHANGE

There has been a great deal of concern from tie/CEC in relation to the mechanism for dealing with Changes in the Infraco Contract (clause 80). The BBS view was that the existing change mechanism should be adjusted to remove the provisions that were known to be unacceptable to tie/CEC (in particular, the right to carry out no work in respect of a particular matter until the relevant change is agreed). The tie/CEC view was that to carry out a full and detailed analysis of clause 80 of the Infraco Contract to identify the alterations required would not be possible in the time available and that an industry standard change procedure should be applied (eg from a JCT contract). BBS had a concern

in relation to this approach as all of the systems and teams were in place to follow the existing mechanism.

As a compromise (in the context of the relatively limited nature of the Prioritised Works), it was agreed that a bespoke Change Procedure would be drafted. This procedure does not allow Infraco to cease works where a change has not been agreed and any failure to agree sums payable in respect of changes will be assessed on an interim basis by Hg Consulting (again, this duty will be covered in the Certifier Agreement).

The commercial rates to be applied to the changes were approved by Hg Consulting as reflecting the existing Infraco Contract.

MORATORIUM

BBS had certain concerns in relation to the effect of entering into MOV4 on their liability in the event that MOV5 is not entered into. It was agreed by tie/CEC that the commercially agreed position was that the entering into of MOV4 should not of itself make the position worse for either party and therefore clause 14.2 (see Section B, below for a summary of this clause) of MOV4 set out protection for both parties in respect of the relevant period.

It was important however that MOV4 recognised that sums received by Infraco under MOV4 could not be recovered subsequently should, for example, MOV5 not be entered into (ie to avoid double-counting).

TIE APPROVAL RIGHTS

It was agreed in the Heads of Terms that Infraco would self-certify the civils and systems technical Designs and that tie should have no right or obligation to review and/or approve the civils and systems design. The Infraco Contract was amended by MOV4 to remove the obligation of Infraco to seek approvals in respect of these matters (although the specifics of the amendments to the Infraco Contract are under consideration by us, in conjunction with tie).

tie raised concerns in relation to their ability to discharge certain statutory duties (eg as duty holder under ROGS) if they did not have visibility of certain information and it was agreed that the Interdisciplinary Design Check Procedure would be adjusted to remove tie approval rights but it should retain rights to have visibility on the design. The IDCP and the related clause of MOV4 (clause 3.6) were confirmed as achieving this by Hg Consulting.

VALUE OF PAYMENTS

There was considerable debate in relation to what the various payments under clauses 6, 7 and 8 of MOV4 (other than those for Materials and Equipment) were intended to be in respect of. The BBS view was very much that these were mobilisation payments, but tie/CEC had certain concerns in relation to making any form of advance payment or pre-payment in respect of matters which would have no value to the project if MOV5 does not go ahead (ie, will the payments pass the "anti-embarrassment test"?).

On advice from Hg Consulting, the wording of clause 6.1 was adjusted to refer to "first mobilisation for design and structures [emphasis added]". In addition, Hg Consulting was comfortable with the value to tie/CEC in respect of the sums to be certified.

Section B

MOV4 - SUMMARY

Background/Recitals

These summarise the variations and amendments that have taken place to the Infraco Contact since 14 May 2008 and that the Parties have agreed to enter into MOV4 to give effect to the Prioritised Works following the Mar Hall Mediation.

Clause 1 - Definitions and Interpretation

The import of the various definitions will be covered to the extent relevant in the summary of the operative clauses of MOV4 set out below.

Clause 2 - Amendment of the Infraço Contract

This confirms that save to the extent amended or dis-applied by MOV4 to give effect to the Prioritised Works the terms and conditions of the Infraco Contract remain in full force and effect.

Clause 3 - Application of the Infraco Contract to the prioritised works

The Prioritised Works are to be carried out (to the *exclusion* of the Infraco Works, other than the Tram Supply Obligations which will continue) with effect from the **Prioritised Works Commencement Date** which is the latest to occur of (ie each of these events must have occurred):

- (a) 3 May 2011; and
- (b) the date on which all of the following events have occurred being:
 - (i) Infraco receiving payment of the sum of £27,000,000 pursuant to the First Materials and Equipment and First Mobilisation Certificate which we understand was issued by Colin Smith on 15/16 April 2011 although we have not seen a copy;
 - (ii) the issue by the Certifier on 3 May of a Second Mobilisation Certificate certifying payment of £9,000,000 to Infraco; and
 - (iii) the Outstanding Consents which are to be listed in the Schedule to MOV4 being issued by tie or provided by the relevant Approval Body.

Clause 3.3 deals with the circumstances where an MOV5 (which is intended to deal with the fixed price Off-Street Works and the target price On-Street Works) has not been entered into on or before 1 July 2011:

- (a) on an unconditional basis because tie and/or CEC do not have sufficient funding to meet tie's obligations under the Infraco Contract; or
- (b) on a conditional basis subject to funding,

In these circumstances the following provisions apply:

- Infraco is required to continue to carry out the Prioritised Works until 1 September 2011 and payment provisions in Clause 9 of MOV4 are to apply in respect of these works, but there is no requirement on Infraco to carry out any further Infraco Works;
- automatic termination on 1 September 2011;

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- Parties are to discuss separation terms to apply on 1 September 2011; and
- Payment of the Materials and Equipment sums of £4,033,000 to be certified on each of 13
 July 2011 and 10 August 2011 are to continue,

but this is all subject to the proviso that save to the extent the Parties have otherwise agreed separation terms to the Infraco Contract termination is to be on a no fault basis with no compensation due by either Party (subject to the accrued rights that the Parties have at the date of termination).

Clause 3.4 covers the circumstances where the Parties have not entered into MOV5 on or before 1 July for reasons other than lack of availability of funding. In these circumstances the following provisions apply:

- Infraco's obligation to perform the Prioritised Works ceases;
- Infraco Works are to recommence on 2 July;
- tie remains obliged to make the two payments of £4,333,000 described above in respect of Materials and Equipment.

The remaining provisions of Clause 3 deal with the introduction of a **self certification process** in terms of which Infraco is to self certify that the civils and systems and trackwork Design is in accordance with the Employer's Requirements and provided that Infraco complies with the Interdisciplinary Design Check Procedure which is to be included in the Schedule to MOV4 tie has no right or obligation to review and/or approve that Design (and there are consequential amendments to Clause 10 and Schedule 14 of the Infraco Contract).

Infraco is also relieved of the obligation to obtain any further **Permits to Work** to carry out the Prioritised Works subject to providing tie with such information as tie requires to comply with notification and third party requirements.

Clause 4 – Sole entitlement of Infraco to payment, extensions of time or other relief

This provides that Infraco's sole entitlement in respect of the matters addressed in MOV4 (eg the Priorirised Works, Equipment, Mobilisation etc) is as contained in MOV4.

Clause 5 – Amendment to Programme

With effect from the Prioritised Works Commencement Date (described earlier) the Prioritised Works are to be carried out in accordance with the **Prioritised Works Programme** set out in the Schedule to MOV4.

In addition, the Infraco Contract is amended to:

- extend the Planned Sectional Completion Date Section A in relation to the Depot to 16
 December 2011; and
- amend the definition of Section A so that it only covers completion of the Depot but excludes
 delivery of the first tram and assembly and completion of all tests required by the Employer's
 Requirements in relation to the Depot (we understand that these excluded items move
 automatically to fall within Section B).

Infraco is relieved from its obligation to perform any of the Prioritised Works in accordance with the Prioritised Works Programme until all Outstanding Consents (described above) have been obtained by tie, and the programme is extended on a day by day basis in respect of each day in which tie fails to procure any Outstanding Consents.

The embargo on working as required by the CoCP is lifted to the extent it would be inconsistent with the Prioritised Works Programme.

Clause 6 - Certificate 1 - First Materials and Equipment and First Mobilisation

As mentioned earlier we understand that the Certifier has issued this first certificate to Infraco and has received a Vesting Certificate in respect of the Materials and Equipment to be transferred. Payment and vesting is to take place on 22 April 2011 (we understand that it has been agreed with Infraco that this payment will be made on 26 April).

Clause 7 - Certificate 2 - Second Mobilisation

This certificate is expressed to be for Mobilisation only and it is to be issued in the amount of £9,000,000 on 3 May 2011 with payment due to Infraco on 17 May 2011.

Clause 8 - Certificate 3 (A), (B) and (C) - Second Materials and Equipment

On each of 15 June, 2011, 13 July 2011 and 10 August 2011 the Certifier is to issue certificates in respect of Materials and Equipment in an amount of £4,334,000/£4,333,000 (as appropriate) with payment being due on the later of respectively 29 June 2011, 27 July 2011 and 24 August 2011 and the date of receipt by CEC of the relevant Vesting Certificate from Siemens.

Clause 9 - Payment for the Prioritised Works

This deals with payment for the Fixed Sum Prioritised Works for which a price has been fixed up until 17 September and for the Target Price Prioritised Works.

The price for the Fixed Sum Prioritised Works falls within the Total Price agreed in the Mar Hall Heads of Terms but the price for the Target Price Prioritised Works is yet to be agreed.

The milestones for payment are set out the Schedule to the MOV4 and payment is to be made within 14 days of the issue of the Valuation Certificate by the Certifier pursuant to a Certifier Agreement (which (as noted above) has yet to be agreed by the Parties).

The certificate is final and binding on the Parties in the absence of manifest error.

Preliminaries payments are to be time based (ie are to be certified for payment once the relevant time period has lapsed without need for further valuation or substantiation) with the consequence that should tie be responsible for any delay in the Prioritised Works then the preliminaries will still require to be paid on the relevant date but to the extent that Infraco does not progress the Prioritised Works in accordance with the Prioritised Works Programme and tie is not responsible for any delay in Prioritised Works Programme then rather than a solely time based payment the Certifier is to make a reasonable assessment of the preliminaries properly due.

Clause 10 – Total Price

The Fixed Sum Prioritised Works price and all the Mobilisation and Materials and Equipment payments comprise part of the Total Price and the Target Price Prioritised Works price forms part the Target Price.

This Clause also effectively suspends the Change procedure in the Infraco Contract for the duration of MOV4 and substitutes therefor a new Change Procedure contained in the Schedule to MOV4 which has been agreed between the Parties in terms of which a certification process is introduced on an interim basis so that works can continue and not be delayed.

It is also acknowledged that both Total Price and Target Price can be adjusted (ie up or down, as appropriate) to reflect the value of a tie change order.

Clause 11 – Excess Trams

Infraco is to provide such assistance as may be needed and required to facilitate dealing with the excess trams by CEC/tie albeit tie is required to proceed by means of a tie change so that Infraco is compensated for any costs, impact on programme etc.

Clause 12 - Mar Hall Confidentiality Agreement

The Parties are to remain bound by the confidentiality undertakings signed at Mar Hall.

Clause 13 – Communications Protocol

In essence any statements prepared by CEC require to be approved by the relevant members of Infraco with approval not to be unreasonably withheld or delayed.

Clause 14 - Moratorium

Clause 14.1 deals with the position where MOV5 is entered into and reflects the Mar Hall Heads of Terms to provide as follows:

- tie/CEC is not entitled to terminate the Infraco Contract on the basis of any Remedial
 Termination Notices and/or Underperformance Warning Notices served prior to 12 March
 2011 or by reference to any facts and circumstances identified therein to the extent that those
 facts and circumstances existed at the execution of MOV4;
- all existing and any further claims of Infraco under the Infraco Contract which relate to events
 occurring prior to the entering into of MOV4 are not to be prosecuted; and
- tie/CEC is not entitled to recover liquidated damages in respect of any delay in achieving the Planned Sectional Completion Dates or the Agreed Tram Commissioning Dates.

Clause 14.2 deals with the cease fire arrangements during the currency of MOV4:

- neither Party is entitled to bring any claim under the Infraco Contract to the extent that claim arises out of the other Party acting in compliance with MOV4; and/or
- in respect of the period between 24 February 2011 (the date of exchange of mediation statements by the parties) and the Relevant Date (meaning either (i) 1 July 2011 in the event that MOV5 has not been entered into for reasons other than tie and/or CEC lack of funding or (ii) 1 September 2011 if MOV5 has been entered into or MOV5 has not been entered into because of insufficient tie and/or CEC funding) any timing or submission requirements are suspended in respect of claims with the suspension being lifted upon the expiry of the relevant cease fire period.

Clause 14.3 deals with existing Disputes between Infraco and tie which are frozen until 2 July when the Parties obligations under the Infraco Contract recommence should MOV5 not have been entered into. Should this occur it is clarified that no issues are to arise in relation to failure to comply with timescales in the Dispute Resolution Procedure in the Infraco Contract during the period of suspension.

Clause 15 - Key Sub-contractors

This clarifies that each Infraco Member can appoint Key Sub-Contractors to carry out any part of the Prioritised Works and/or Infraco Works and to choose the form of Sub-Contract without the need for any approval from tie/CEC, subject to reasonable health and safety obligations being imposed in each sub-contract.

Clause 16 – Preservation of rights

Subject to Clause 16.2 (see below) each Party preserves its rights and remedies in relation to existing breaches or claims under the Infraco Contract as amended by MOV4 as at the date of entering into

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MOV4 and save to the extent varied by MOV4 their respective rights and obligations in respect of the Infraco Works performed to date subsist.

Clause 16.2 confirms that the Fixed Sum Prioritised Work Price includes a time related payment for the period during which Prioritised Works are being undertaken which is to be taken into account in any future determination of Infraco's entitlement to prolongation costs should the MOV4 terminate by reason of lack of funding pursuant to Clause 3.3.

Clause 17 - Disputes

This amends the Dispute Resolution Procedure in the Infraco Contract by substituting the Joint Project forum for Chief Executives (or equivalent) of the Parties for the relevant stage of the Dispute Resolution Procedure.

Clause 18 - Variation

This merely confirms that MOV4 is a variation pursuant to the relevant Clause of the Infraco Conract.

Clause 19 - Law and Jurisdiction

This imports the applicable law provision from the Infraco Contract.

MCGRIGORS 23 APRIL 2011

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