

tie Limited

Minute of the CEC/tie Legal Affairs Group Meeting

Date: Monday 7th January 2008

Time: 17:00 to 16:15

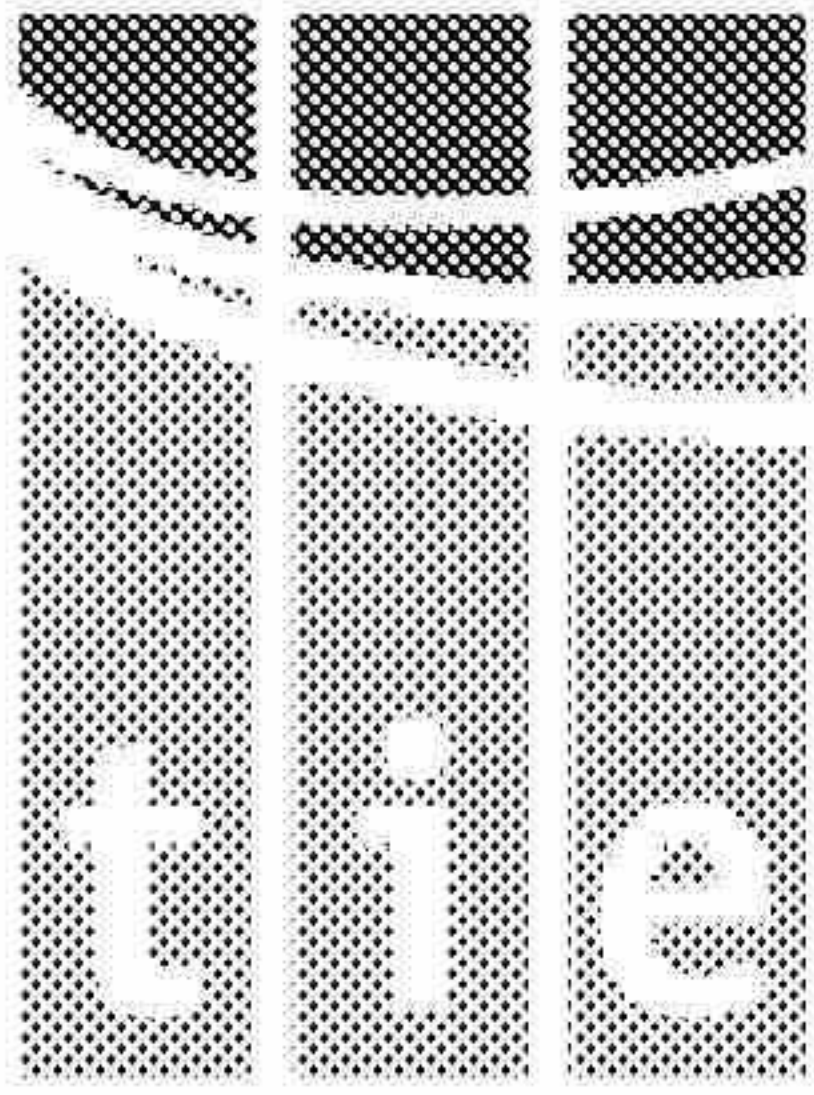
Venue: CityPoint

In attendance	Andrew Holmes	CEC	AH
	Gill Lindsay	CEC	GL
	Colin MacKenzie	CEC	CM
	Andy Conway	CEC	AC
	Rebecca Andrew	CEC	RA
	Willie Gallagher	tie	WG
	Graeme Bissett	tie	GB
	Susan Clark	tie	SC
	Matthew Crosse	tie	MC
	Alasdair Sim	tie	AS

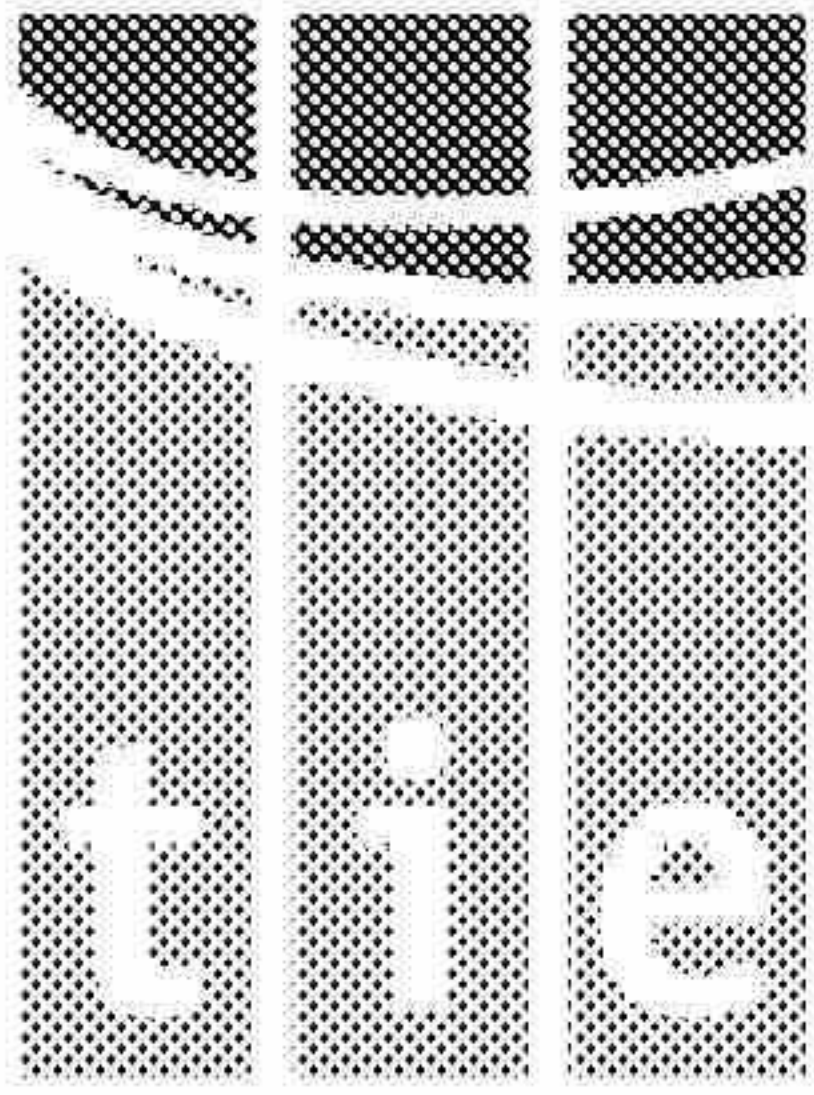
Apologies	Jim Inch CEC	Andrew Holmes CEC
	Barry Cross tie	Alan Coyle CEC
	Nick Smith CEC	Alan Squair CEC
	Andrew Fitchie tie/DLA Piper	

Circulation Above

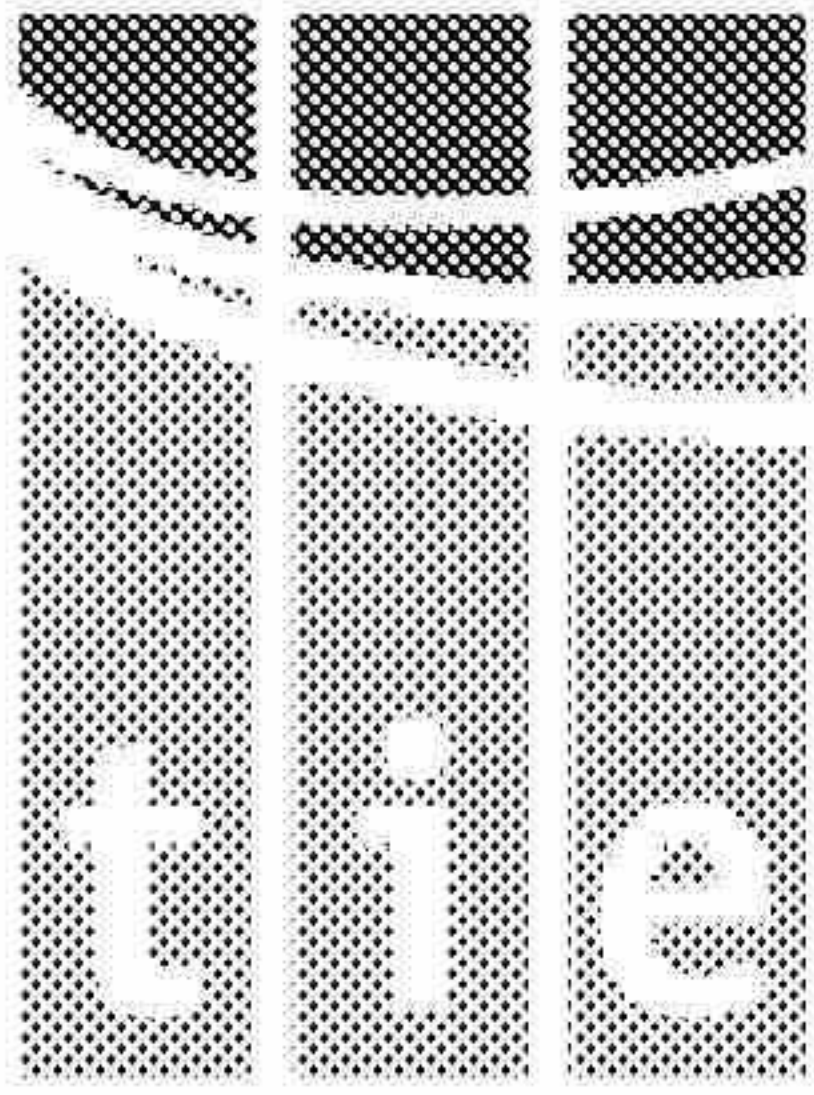
		ACTION By	Target Date
1.	<p>Review of Last LAC Meeting Minutes</p> <p>The minutes from the LAC meeting on 17th December 2007 were reviewed. Unless otherwise noted in the following sections, all actions arising from these minutes have been completed by the identified individuals.</p>		
2.	<p>Critical Issues Update</p> <p>Contract / Programme / Employers Requirements / Due Diligence / Risk, VE and Pricing</p> <p>WG reported that the contract negotiations with BSS are proceeding satisfactorily and following the trip to Germany fixity on price, scope and programme as reported to Council on 20 December 2007.</p>		



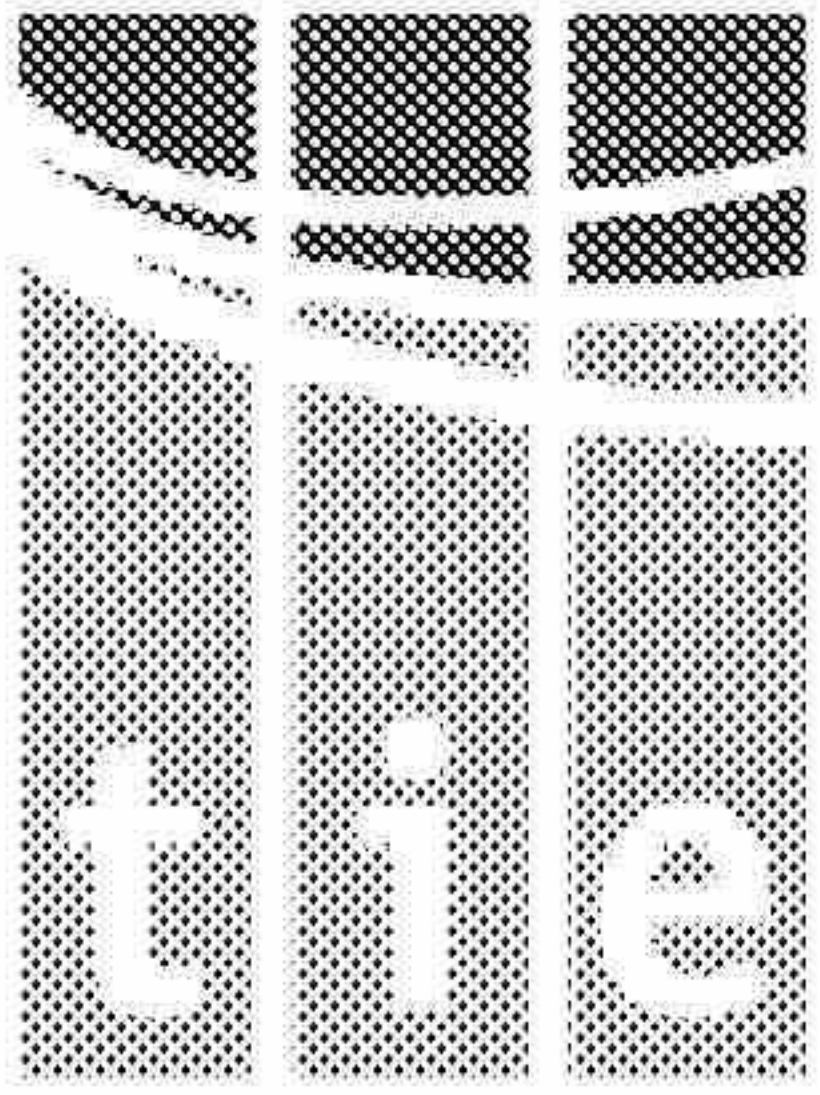
<p>DLA are undertaking a review of the BBS Due Diligence and this exercise is around 60% completed.</p> <p>The current expectation is to be in a position to sign the contracts on 28 January 2008, which means that Contract Award Notice is scheduled for 18 January (at which point the 10 day cooling off period will commence).</p> <p>There is a lot of work to get through in advance of this date. AF estimates that 7 full days dedicated legal time will be required with BBS legal team to work through the contract, employers requirements and novation agreement. It is recognised that significant time commitment will be required from both sides in order to achieve this.</p> <p>Greater clarity on progress will become available during the next week.</p> <p>A final risk matrix for CEC review will be available on 18 January.</p> <p>BAA</p> <p>CM will meet with Steve Sladdin tomorrow to undertake a final review of the EAL licence and lease agreement on 8/01/08 and will inform AS on the outcome.</p> <p>Network Rail</p> <p>The current status of the NR property agreements are as follows:</p> <ul style="list-style-type: none"> ▪ Framework Agreement <p>NR would like CEC to revoke their powers of CPO (as the expectation is that the land will be available under the lease). At the present time NR are unable to prove valid title for the whole area, and therefore CEC do not want to give up the ability to acquire land if required, by compulsion.</p> <p>Even if NR register title under Anno Domini, there is a residual risk that this could be challenged by a third party within the next 10 years. CEC may be prepared to qualify the circumstances under which CPO powers could be used in the Framework Agreement, but this negotiating</p>	<p>CM</p>	<p>8/01</p>
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	<p>position should not just be given away.</p> <ul style="list-style-type: none"> ▪ Asset Protection Agreement <p>Issues around indemnities to resolve with NR, particularly in relation to possible future costs that CEC may be exposed to. AS to prepare a note on indemnity points and circulate.</p> <p>A meeting has been arranged between Ron MacCaulay and Steven Bell for Friday 11th January. CEC to be represented at this meeting – AH to advise.</p> <ul style="list-style-type: none"> ▪ Depot & Station Change <p>tie submitted draft depot and station change proposals to NR on 21/12/07. NR to revert back with comments on 8/01/08. tie, BBS, NR and FSR have a series of meetings scheduled for 8/01/08 to bring any outstanding matters to our attention. The expectation is that formal submission of the station and depot change documentation will be made Tuesday 15th January. This will start the formal 45 (calendar) day regulatory consultation period.</p> <p>WG has been in direct contact with Mary Dickson (FRS) and has been assured of full co-operation, including sight of the formulae applied for the Platform Zero car parking compensation settlement (66 spaces for platform zero lost compared with 49 spaces for tram).</p> <p>AS to obtain details of the contact individuals at the other TOC's from NR.</p> <p>Forth Ports</p> <p>Design process will dictate when this agreement can be concluded (programmed by end of March 2008). Aiming to have form of words agreed with FP by financial close.</p> <p>SRU</p> <p>A couple of technical points to resolve, but agreement is expected to be reached by 18 January 2008. SC and AH to discuss change process for the SRU pitch relocation works.</p>	<p>AH</p> <p>AS</p>	
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<p>CEC Licence to Construct</p> <p>AS returned draft back to CEC on 4/01/08 with comments. A revised markup is expected to be returned back to tie this week. Aiming to conclude this agreement by 18/01/08.</p> <p>SDS Design Status</p> <p>SDS have completed 70% of detail design. BBS are prepared to accept SDS under novation agreement (quality of design, programme and commercial position). This will be set out in the Novation Schedule which forma part of the SDS contract.</p> <p>Consents and approvals remains an area of risk that BBS are not happy to sign up to, as there is no time obligation on SDS to obtain all necessary approvals, whereas the Infracore contract has a liquidated damages mechanism in place which has a tiem dependency. The tie commercial team are currently working through these issues with BBS.</p> <p>MC to prepare a paper for the 14/01/08 LAC meeting and to ask DF and DS to present the current design status/approvals process to the group.</p> <p>Funding Letter</p> <p>RA reported that CEC are awaiting the signed version of the letter from Transport Scotland. This document is expected imminently, and will require to be counter signed by the CEC Chief Executive.</p> <p>Operating Agreements</p> <p>GB reported that the tie operating agreement draft is with CEC. CM to discuss with NS and revert back to GB. The TEL operating agreement was sent to CEC 7/01/08.</p> <p>The expectation is that both documents can be in agreed form by 14/01/08. Final execution of both documents will require the relevant Board approvals.</p> <p>GB sought confirmation that the status of tie under the operating agreement would be as an agent of CEC, noting that it is important to clarify this point for VAT purposes.</p> <p>GB to send GL a copy of the PWC report on tax/revenue matters.</p>	<p>MC</p> <p>GB</p>	<p>14/01</p>
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	<p>CEC Approval Process for Contract Award</p> <p>SC prepared the paper submitted to the 14/12/07 LAC as a reference document. SC has contacted the relevant persons within CEC, tie and TEL to meet next week to agree finalisation process for the document suite.</p> <p>It was reported that Tom Aitchison has arranged an IPG meeting with AH, DMG and GL for 24 January to obtain a final briefing in advance of the decision to authorise WG to sign the Infracore and Tramco Contracts. CEC to provide the group with their expectations/level of detail required at the next LAC on 14/01/08.</p>		
3.	<p>AOB</p> <p>None to report</p>		
	<p>Next Meeting</p> <p>Monday 14th January 2008 @ 17:00pm at Citypoint</p>		