

Sue Bruce  
Chief Executive  
City of Edinburgh Council  
Waverley Court  
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12 May 2011

Dear Sue

**TIE LTD AND TEL LTD NON EXECUTIVE DIRECTORSHIPS**

I am writing to tender my resignation, with immediate effect, as a Non Executive Director of TIE Ltd and TEL Ltd.

At the Tram Project Board on Wednesday 11 May 2011 I was briefed on contractual and other decisions made arising from the Heads of Terms agreement reached earlier this year. As I indicated at the meeting I had not been given the opportunity to exercise the independent judgement and scrutiny required of a Non Executive Director before those decisions were made, and which I understand will be recommended for approval by the Council at a meeting on Monday 16 May. It is now essential that the governance arrangements applied to the Edinburgh trams project, and particularly to any proposed contractual variations, are realigned with the current decision making arrangements. The Non Executive Directorships, with their associated legal duties, are no longer compatible with these decision making arrangements. I was appointed as a Non Executive Director in 2006. I believe now is the right time to make the necessary changes in project governance.

I fully support CEC's proposal to review the governance arrangements, and believe new arrangements should be introduced immediately. Removing the current Non Executive Directorships would also provide an immediate opportunity to streamline governance and remove unnecessary overhead costs.

I intend to make no public statements or comment about my resignation. I would be grateful if CEC would let me know in advance if CEC makes a public statement at any point in relation to this matter.

I am copying this letter to Vic Emery.

Yours sincerely

Kenneth Hogg

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