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**From:** Nick Smith  
**Sent:** 25 November 2009 12:02  
**To:** Nick Smith; Jim Inch; Dave Anderson  
**Cc:** Andy Conway; Alan Coyle; Marshall Poulton; Gill Lindsay  
**Subject:** RE: 17 Dec Report

For completeness, I should also add that obtaining authority to sign up to the supplementals does not necessarily "trump" the current requirement not to exceed £545m. There is an obvious tension between the two.

I have therefore tried to deal with this obliquely by referring to "Notwithstanding the terms of the TEL Operating Agreement" in 3.8, thereby allowing the later authority to exceed the former to the extent required.

Kind regards

Nick

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*Please note that I am not in the office on a Monday*

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**From:** Nick Smith  
**Sent:** 25 November 2009 11:56  
**To:** Jim Inch; Dave Anderson  
**Cc:** Andy Conway; Alan Coyle; Marshall Poulton; Gill Lindsay  
**Subject:** 17 Dec Report

Jim/Dave

Further to this morning's IPG Alan, Andy and I had a chat through some of the issues about authority to sign the supplemental agreements which would likely take the costs estimate over the £545m authority which Tom presently has under the revised TEL Operating Agreement (which is approved but will not be finally signed until after the 1 Dec Policy and Strategy meeting).

Having considered all avenues, I propose that the most transparent and effective way forward is to incorporate some form of additional authority into the 17 December report. I have endeavoured to add in appropriate wording in the attached draft, but clearly this could open up possibility of further queries about costs from members. Hopefully a promise of a full financial MOT in the Spring will suffice at present.

Unfortunately I see no other real way around this difficult issue. Without authority then tie cannot sign any supplemental agreement where the cost increase would exceed £545m. However, mentioning the cost increase for the agreements but not giving a full update on the total also appears unacceptable.

Hopefully you agree that this is the best way of walking the tightrope. Please let me know if you think this is inappropriate, have any comments or further possible ways of dealing with the issue.

Many thanks.

Kind regards

Nick

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