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**From:** Stewart McGarrity  
**Sent:** 09 March 2007 10:26  
**To:** Graeme Bissett (external contact)  
**Subject:** RE: Tram Funding Agreement  
**Attachments:** TFA - summary of key terms (SMcG0903).doc

See below and mark-up attached.

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**Stewart McGarrity**  
Finance & Performance Director  
tie Limited  
[REDACTED]

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**From:** Graeme Bissett [mailto:graeme.bissett@tie.co.uk]  
**Sent:** 07 March 2007 13:07  
**To:** Stewart McGarrity; Andrew Fitchie  
**Subject:** Tram Funding Agreement

Stewart, Andrew, I've drafted the paper for the meeting on 19/3 and would appreciate your comments and additions.

Some specific points :

Stewart :

1. On the capex, for now I think we should stick to the DFBC numbers to guide the process. I keep hearing £500m quoted for 1a, but did we not conclude that 1a was £512m standalone, with 1b adding incremental £80m to get to the £592m ?

It started at 512/80 until we made the overt decision to defer phase 1b to later. This delivered 1a earlier and altered its risk profile slightly whilst 1b got later and therefore more expensive so we finally got to 500/92 which is what went in the DFBC.

2. Can you confirm the current year cumulative spend on P1

Land acquisition costs were planned at £10.6m so tie cumulative spend at 31 March would be closer to £47m. The updated forecast of outturn will come out this week but I don't expect it to be materially different to what you have here.

[We do need to clarify with everyone that this does not include the £1.5m paid by CEC for the Caley Ale House which is included in the £500m, was the subject of a separate grant letter to CEC who acquired the property but does not appear in tie's cumulative spend].

3. Can you revise the table showing the phasing of expenditure to show how 1a looks, preferably with 1b shown separately.

Provided in the draft. This is all being updated at present to fit to an emerging new baseline programme.

4. What is the business case Infraco / Tramco / post-novation SDS spend for Page 1

Infraco £283m, Tramco £67m, SDS £1m – total £351m. All figures fully inflated and inclusive of risk allowance.

5. Can you let me have a soft copy of the final issued version of the DFBC.

Its too big for your mailbox. I have CDs and will pass one to you.

Andrew :

1. Can you help flesh out the dates in section 8, allowing for bidder requirements
2. Am I correct in thinking only AMIS among tie's existing contract third parties has any underpinning from CEC ? What about DPOFA for example ?

Thanks.

Regards  
Graeme

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Graeme Bissett

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