



**Commercially Confidential and FOI(S)A Exempt**

City of Edinburgh Council  
Waverley Court  
4 East Market Street  
Edinburgh  
EH8 8BG

Our Ref: INF CORR 7684-SB

3<sup>rd</sup> May 2011

FAO Mr D Anderson, Tram Project Senior Responsible Officer

Dear Dave,

**Planned Payment to Infracore associated with Minute of Variation (MOV) 4, the Certifier Agreement and Hg Consulting Certificate 1**

We note that arrangements have been made by CEC to enable payment solely based on the Hg Consulting Certificate 1 for £27m on Tuesday 3 May in line with the agreed draft MOV4 concluded between CEC and Infracore on 16 April 2011. This payment is planned through the existing process of CEC making funds available with it being paid to Infracore (Bilfinger Berger and Siemens in this Certificate) through tie Ltd.

This payment will be made on the basis of agreement by CEC that they have the reasonable expectation that MOV4 and the draft Certifier Agreement will be executed as soon as they can convene a Council Meeting and that the previously briefed risks are understood and accepted for MOV4. We understand that Infracore have advised Hg Consulting that they intend to sign MOV4 in its current form and will be sending a time bound offer letter to confirm that.

It is also noted that whilst such a payment does not exceed the authorised actual expenditure of up to £546m delegated to tie via TPB, TEL and CEC, on execution of MOV4 this will become a commitment to a total project cost in excess of £546m. Consequently, in confirming agreement to pay Certificate 1, CEC confirm and accepts that this would take tie/TEL outwith their current Operating Agreements with CEC once MoV4 is signed.

Please confirm your acceptance of the above to allow payment to be made as outlined.

Yours sincerely,


  
Steven Bell  
Project Director -- Edinburgh Tram

cc: A MacLean, CEC  
D McGougan, CEC  
R Jeffrey, tie

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