

Deputy First Minister  
and Cabinet Secretary for Infrastructure, Investment and Cities  
Nicola Sturgeon MSP



T: [REDACTED]

E: [REDACTED]

Sent via email:

[REDACTED]



LEGACY 2014  
XX COMMONWEALTH GAMES  
SCOTLAND

7 October 2013

Dear Sirs

Further to recent discussions between our mutual representatives, I write to set out the Scottish Ministers' intentions in relation to a process towards a potential acquisition of Prestwick Aviation Holdings Limited and its subsidiaries, which own and operate the Glasgow Prestwick International Airport.

The airport is of strategic importance to the local Ayrshire economy, and to the wider regional and national economy in Scotland. It is the intention of Scottish Ministers that the airport's economic contribution is maintained and enhanced, including the direct and indirect employment opportunities offered by the airport and its related businesses.

I can confirm that Scottish Ministers propose to enter into negotiations with Infratil for the acquisition of the airport, such acquisition being subject to satisfactory completion of confirmatory due diligence.

The Scottish Ministers' will complete due diligence and commence detailed negotiations with Infratil on the terms of sale, which will be on a commercial basis in line with the market economy investor principle. We will keep Infratil and its advisors fully informed of our analysis of and approach to a transaction in line with the market economy investor principle. We aim to complete the transaction within 6 weeks of the start of the due diligence process, i.e. by 20 November, that period to be extended by mutual agreement as appropriate. During the period described above, Infratil will procure that its subsidiaries continue to operate the airport in the ordinary course consistent with the manner in which they have operated the airport in the last 12 months. The Scottish Ministers will notify Infratil during that period if they no longer intend to complete the transaction.

I should be grateful if you could indicate if this proposal is acceptable to Infratil. If so, you will appreciate that the potential acquisition will be a matter of public interest, and as such I

would wish to inform the Scottish Parliament of our proposal. I would do that very shortly after receiving your agreement to this proposal.

[REDACTED]



**NICOLA STURGEON**

**From:** Kellee Clark [REDACTED]  
**Sent:** Tuesday, October 08, 2013 07:32 AM GMT Standard Time  
**To:** Dickson GF (Graeme); Nicholls J (John) [REDACTED] DG Enterprise,  
Environment & Digital  
**Cc:** Marko Bogoievski [REDACTED] Paul Newfield  
[REDACTED]  
**Subject:** Letter from Infratil Limited

All,

Please find **attached** a letter from Marko Bogoievski, Chief Executive Officer, on behalf of Infratil Limited, in response to your letter dated 7 October regarding Glasgow Prestwick International Airport.

We note that the agreements and confirmations set out in the letter are subject to the Scottish Government making a public announcement in respect of its intention to complete a purchase of the Airport Companies, subject to confirmatory due diligence and detailed negotiations with Infratil.

I would be grateful if you could please respond by return email acknowledging receipt of this letter.

Kind regards  
Kellee

---

**Kellee Clark**  
H.R.L. Morrison & Co Limited  
5 Market Lane, PO Box 1395, Wellington 6140, New Zealand  
T [REDACTED]  
[www.HRLMorrison.com](http://www.HRLMorrison.com)

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Infratil

Nicola Sturgeon  
Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities  
St Andrew's House  
Regent Road  
Edinburgh EH1 3DG

Sent via email:

[REDACTED]

8 October 2013

#### Glasgow Prestwick Airport Sale Process

We refer to your letter dated 7 October 2013 in relation to a potential acquisition of Prestwick Aviation Holdings Limited and its subsidiaries (the "Airport Companies"), which own and operate the Glasgow Prestwick International Airport (the "Airport").

We acknowledge your intention to complete confirmatory due diligence regarding the purchase of the Airport Companies. We agree to enter into detailed negotiations with the Scottish Government regarding the terms and conditions under which the Scottish Government would complete a purchase of the Airport Companies by 20 November 2013 ("Target Date"). In order to provide comfort to the Scottish Government during that due diligence period, we confirm that, subject to compliance with all laws, we will endeavour to procure the Airport Companies to continue to operate the Airport in the ordinary course of business consistent with the manner in which they have operated the Airport in the last 12 months until, at least, the Target Date, subject to said date being extended by mutual agreement. We provide this confirmation on the basis that you will keep us and our advisors fully informed of your analysis of, and approach to, a transaction in line with the market economy investor principle.

We note that you have agreed to notify Infratil if your intention to complete a purchase of the Airport Companies within the above time period changes. This letter will cease to have effect at such time as we reasonably consider, after consulting with you, that the Scottish Government will not complete the transaction by the Target Date.

Yours faithfully

[REDACTED]

Marko Bogoevski  
For and on behalf of Infratil Limited

Infratil Limited 5 Market Lane, PO Box 320, Wellington, New Zealand Tel [REDACTED] www.infratil.com

**From:** Nicholls J (John) (TRANS)  
**Sent:** 09 October 2013 08:12  
**To:** 'Kellee Clark'; Dickson GF (Graeme)  
**Cc:** Paul Newfield  
**Subject:** RE: EMBARGO - Draft announcement

Hi Kellee

Many thanks for letting us know, and for all your and Paul's help over the last couple of weeks.

Regards

John

**From:** Kellee Clark [REDACTED]  
**Sent:** 08 October 2013 21:10  
**To:** Nicholls J (John) (TRANS); Dickson GF (Graeme)  
**Cc:** Paul Newfield  
**Subject:** RE: EMBARGO - Draft announcement

Hi John and Graeme,

Further to my email below, I can confirm that Infratil's NZX/ASX announcement has been released, and is available at <https://www.nzx.com/markets/NZSX/securities/IFT/announcements>.

Kind regards  
Kellee

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**Kellee Clark**  
H.R.L. Morrison & Co Limited  
5 Market Lane, PO Box 1395, Wellington 6140, New Zealand  
T [REDACTED] M +[REDACTED] DDI +[REDACTED]  
[www.HRLMorrison.com](http://www.HRLMorrison.com)

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**From:** Kellee Clark  
**Sent:** Tuesday, 8 October 2013 10:25 a.m.  
**To:** [REDACTED]  
**Cc:** Paul Newfield [REDACTED]  
**Subject:** EMBARGO - Draft announcement

Hi John and Graeme,

As discussed, please find attached a draft of the Infratil announcement. As noted, this statement remains confidential and embargoed until after the announcement has been released to the NZX/ASX market. We will advise you when this has occurred.

Kind regards  
Kellee

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**Kellee Clark**

H.R.L. Morrison & Co Limited

5 Market Lane, PO Box 1395, Wellington 6140, New Zealand

T [REDACTED] M +[REDACTED] DDI+[REDACTED] E [REDACTED]

[www.HRLMorrison.com](http://www.HRLMorrison.com)

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From: [REDACTED]

Sent: 23 October 2013 13:44

To: Dickson GF (Graeme) [REDACTED] Nicholls J (John) (TRANS)

[REDACTED] ; Fairweather S (Sharon)

[REDACTED]

Cc: Middleton DF (David) [REDACTED]

[REDACTED]

Subject: Prestwick Airport - Meetings - Principals Group - Minutes of meeting held 10 October 2013 - Final

Importance: High

Sensitivity: Confidential

All,

Please find attached a final version of the minutes of the Principals Group meeting held on 10 October 2013. Thank you all for the comments received on the draft.



Prestwick Airport  
- Meetings -

Kind regards,

[REDACTED]

Project Manager  
Transport Scotland



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## Notes of Meeting

**Project:** Prestwick Airport

**Date:** 23 October 2013

**Subject:** Principals Group - Start up

**Ref:** A7013653 / Final

**Chair:** Graeme Dickson, Scottish Government

**Attendees:** John Nicholls (JN), Transport Scotland  
Sharon Fairweather (SF), Transport Scotland  
Graham Porteous (GP), Transport Scotland  
[REDACTED] Transport Scotland  
[REDACTED] Transport Scotland  
[REDACTED] MacRoberts LLP  
[REDACTED] MacRoberts LLP  
[REDACTED] Deloitte  
[REDACTED] Deloitte  
[REDACTED] Deloitte  
Paul Newfield (PN), Infratil  
Kellee Clark (KC), Infratil  
Tom Wilson (TW), Glasgow Prestwick Airport  
Iain Cochrane (IC), Glasgow Prestwick Airport  
[REDACTED] Glasgow Prestwick Airport  
[REDACTED] McClure Naismith  
[REDACTED] PWC  
[REDACTED] PWC  
[REDACTED] Dram Communications

**Apologies:** David Middleton, Transport Scotland

[REDACTED] Transport Scotland

**Location:** Room 9W01 / 9W02, Buchanan House, Glasgow

**Time / Date:** 14:00 hours, Thursday 10 October 2013

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Item	Discussion	Action / Status
1.	<b>Welcome and Introductions</b>	
	Graeme Dickson welcomed everyone to the meeting and gave apologies for David Middleton and [REDACTED]	



Item	Discussion	Action / Status
<b>2.</b>	<b>Reactions to Ministerial Announcement</b>	
2.1	<p>Graeme Dickson asked for feedback on reactions and developments since the ministerial statement / announcement on 8 October 2013.</p> <p>PN reported that Infratil were pleased with the positive response in Scotland, in support of the potential acquisition of Glasgow Prestwick Airport (GPS) by the Scottish Government. Infratil will look to manage the response in New Zealand and to maintain investor confidence. Infratil will continue to operate the airport as a going concern during the negotiation period.</p>	
2.2	IC reported that local staff reaction had been very positive to the Minister's announcement.	
2.3	JN reported that the Scottish Government would manage all future announcements and all media enquiries arising.	
<b>3.</b>	<b>Proposed Timetable and Milestones</b>	
3.1	<p><b>General:</b> DL confirmed that Infratil and their advisors would co-operate in a collaborative and open manner. They were all aware of the obligations on the Scottish Government.</p> <p>SF reported that these obligations included the requirement to ensure that the potential acquisition complied with the Market Economy Investor Principle (MEIP) conditions.</p>	
3.2	<p><b>Due Diligence (DD):</b> DL reported that the vendors wanted to keep the DD process efficient and to avoid any need for repeat work.</p> <p>SF reported that the Scottish Government were seeking to secure access and full rights to the DD work that had been completed to date on behalf of a private investor. MacRoberts will be providing legal advice and support to the Scottish Government. Other advisors will be engaged as required.</p> <p>DO reported that the legal DD work completed to date would be retained and used to inform the commercial position. MacRoberts have undertaken a high level review of the Sale and Purchase Agreement (SPA), which would form the basis of future negotiations. DO reiterated the imperative for any deal to comply with MEIP conditions, in that the Scottish Government must seek to match the commercial terms that a private investor would make, as far as possible and within the general limitations placed on the Scottish Government.</p>	SF

Item	Discussion	Action / Status
3.3	<p>SF reported that the Scottish Government was seeking to identify what DD work had been completed to date, to gain access to this work and to agree the scope of what further work was still need to be done.</p> <p><b>Proposed Timetable and Milestone Overview:</b> IS welcomed the proposed programme, which provided a good starting point. GD reported that the programme will now need to be firmed up and agreed. DL requested that all parties review the proposed six week programme and provide any comments at the earliest opportunity.</p> <p>SF reported that the Scottish Government was meeting with its advisors on Monday 14 October to progress the development of the Business Plan for GPA. PN offered access to the GPA management team to assist in this work. All requests for access to GPA's management team to be made through PWC.</p> <p>It was agreed that the Principals Group hold a weekly progress telephone conference, on Thursday mornings at 09:00 hours (GMT). PWC agreed to arrange and manage these meetings.</p>	<p>SF</p> <p>AI</p> <p>DL, MA</p>
4.	<p><b>Manston / Prestwick Shared Services</b></p>	
4.1	<p><b>Transitional Arrangements:</b> KC reported that transitional arrangements will be needed to disaggregate the management teams at Prestwick and Manston Airports, including any on-going work streams and consideration of any overlap in their Civil Aviation Authority licencing arrangements.</p> <p>PN reported that GPA-based staff currently provide some support services to Manston and there would be a period after the sale in which this would continue under a Transitional Services Agreement.</p> <p>IC reported that the ANSP licence between GPA and Manston will need to be split. IC also reported that discussions had been initiated with the CAA, who were keen to assist and provide advice during the process.</p> <p>TW reported that the proposed new management structure, board structure, governance arrangements, designation of people etc. will all need to be considered to inform consideration on CAA issues and to ensure compliance with all licence obligations.</p>	

Item	Discussion	Action / Status
5.	<b>Communications</b>	
5.1	<p>DR confirmed that press enquiries and press lines were being progressed through [REDACTED] at Transport Scotland. It was agreed that [REDACTED] will lead on all media / press enquiries.</p> <p>TW reported that all GPA staff had been advised not to speak with the media or the press, with all enquiries being passed to Dram Communications in the first instance.</p> <p>JN reported the Glasgow Airport had requested a meeting with Ministers to discuss developments, during which the requirements on the Scottish Government in respect to MEIP will be highlighted.</p>	<b>All to note.</b>
6.	<b>Project Governance</b>	
6.1	<p><b>Immediate Next Steps:</b> DL referred to the immediate next steps listed on page 6 in the hand out from PWC.</p> <p>SF reported that Transport Scotland's (TS) internal project board would be meeting the next day, led by David Middleton as the accountable officer for TS. GP and JP would form the core of TS's project team and that all requests and communication should be channelled through them.</p> <p>A Project Execution Plan was being drafted and would be circulated in early course.</p> <p>A Business Case for the proposed acquisition would be developed, which would need to be approved by the Permanent Secretary, Deputy First Minister etc. SF reported that consideration would be needed in respect to FOI, commercial confidentiality and what could be released into the public domain.</p> <p>PN reported that Infratil would advise what information was considered commercially sensitive, including in respect to third party agreements. PN also reported that project governance from Infratil would be provided by KC, Steve Fitzgerald, Infratil's Head of Legal Services, PWC and himself. The final deal will need to be approved by the Infratil Board.</p> <p>GD reported that although some commercially confidential information might not be released under Freedom of Information rules, much of the information regarding the proposed acquisition of GPA could be and would become public.</p> <p>GD also reported that the Deputy First Minister would speak to any Parliamentary Committee and would keep Parliament up to date.</p>	<p><b>JP</b></p> <p><b>All to note.</b></p>

Item	Discussion	Action / Status
<b>7.</b>	<b>AOCB</b>	
7.1	SF reported that TS would circulate a project plan (timetable and milestones) by the middle of next week.	<b>JP</b>
7.2	SF requested that the SPA and draft Transitional Agreement be sent directly to MacRoberts.	<b>DL</b>
7.3	TS to distribute a contact list to PWC of those involved in the project.	<b>JP</b>
7.4	Following its meetings on Monday 14 October, TS would revert to PWC with any information requests and or question arising.	
7.5	It was noted that owing to the school holidays site visits were likely to commence after Monday 21 October 2013.	
	<b>END.</b>	



From: Iain Cochrane [REDACTED]  
Sent: 16 October 2013 16:11  
To: [REDACTED] >  
Subject: RE: Draft minutes of the Prestwick Airport Principals Group - 10 October 2013  
Sensitivity: Confidential

Hi [REDACTED]

For clarity I suggest "IC reported that the licence between...." should be "IC reported that the ANSP licence between...."

Clarification to avoid confusion with the aerodrome license.

Also, re next steps, who is it best to advise what information is commercially sensitive ?

Regards,

Iain

From: [REDACTED]  
Sent: 15 October 2013 14:32  
To: [REDACTED]  
Tom Wilson;  
Iain Cochrane; [REDACTED] [REDACTED]  
Cc: [REDACTED]  
[REDACTED]  
Subject: Draft minutes of the Prestwick Airport Principals Group - 10 October 2013  
Importance: High  
Sensitivity: Confidential

All,

Please find attached a draft copy of the minutes for the above meeting for your review and comment.

Copied to others for information.

Kind regards,

[REDACTED]  
Project Manager  
Transport Scotland  
[REDACTED]

[REDACTED]

Sent: 23 October 2013 12:54

To: [REDACTED]

Subject: FW: Draft minutes of the Prestwick Airport Principals Group - 10 October 2013

Sensitivity: Confidential

From: Paul Newfield [REDACTED]

Sent: 16 October 2013 06:08

To: [REDACTED]

[REDACTED]

[REDACTED]

Kellee Clark;

Tom Wilson [REDACTED]

Cc: Dickson GF (Graeme); Nicholls J (John) (TRANS); Fairweather S (Sharon); [REDACTED]

[REDACTED] PS/Transport Scotland; [REDACTED]

Subject: RE: Draft minutes of the Prestwick Airport Principals Group - 10 October 2013

Sensitivity: Confidential

[REDACTED]  
ACTE

Thank you for these minutes. One point of clarification worth updating in the them (which probably reflects a lack of clarity from me in the meeting)

The minutes currently state that "PN reported that as GPA was likely to sell first, there would be a period after the sale where they would continue to provide certain services to Manston."

The point I was making in the meeting was that there will be a requirement for transitional support services for Manston, whichever sells first. So the minutes should probably say "PN reported that GPA-based staff currently provide some support services to Manston and there would be a period after the sale in which this would continue under a Transitional Services Agreement".

Best Regards  
Paul

From: [REDACTED]

Sent: Wednesday, 16 October 2013 12:32 a.m.

To: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Cc: [REDACTED]

Paul Newfield; Kellee Clark;

Tom Wilson [REDACTED]

[REDACTED]

Subject: Draft minutes of the Prestwick Airport Principals Group - 10 October 2013

Importance: High

Sensitivity: Confidential

All,

Please find attached a draft copy of the minutes for the above meeting for your review and comment.

Copied to others for information.

Kind regards,

[REDACTED]

Project Manager

Transport Scotland

Mobile: [REDACTED]

## Notes of Meeting

**Project:** Prestwick Airport

**Ref:** A7030406 / Final

**Subject:** Principals' Conference call

**Chair:** Sharon Fairweather (SF), Transport Scotland

**Attendees:** [REDACTED] Transport Scotland  
Paul Newfield (PN), Infratil  
[REDACTED] McClure Naismith  
[REDACTED] PwC  
[REDACTED] PwC  
[REDACTED] PwC

**Apologies:** John Nicholls (JN), Transport Scotland  
[REDACTED] Transport Scotland  
[REDACTED] Transport Scotland  
[REDACTED] Transport Scotland

**Location:** Teleconference

**Time / Date:** 09:00 hours, Thursday 17 October 2013

Item	Discussion	Action / Status
<b>1.</b>	<b>Press and Media</b>	
1.1	It was reported that the press reaction and media handling of the Deputy First Minister's announcement in the Scottish Parliament on the 8 October had been good.  It was agreed that standard media response lines should be drafted and agreed by all parties.	JP
<b>2.</b>	<b>Updates</b>	
2.1	<b>Data Room:</b> MA reported that all requests for access to the data room should be submitted to GS and himself at PwC.	SF, JP
2.2	<b>Glasgow Prestwick Airport (GPA) Management Team:</b> MA also reported that all requests for access to GPA's management team should	



Item	Discussion	Action / Status
	be submitted to GS and himself at PwC.	
2.3	<b>Project Plan:</b> SF reported that the draft programme with an indicative acquisition date of 20 November 2013 appeared achievable.	
2.4	<b>Freedom of Information:</b> <i>commercial sensitivities, advice to PwC. Management discussion and disclosure process.</i>	
2.5	<b>Financial and Corporate Due Diligence (DD):</b> SF reported that the Scottish Government (SG) had secured permission from Annax to engage Deloitte to update and complete the financial and corporate DD work.	
2.6	<b>Real Estate DD:</b> SF reported that the SG and its advisors were meeting in the afternoon of 17 October to identify what real estate and valuation DD work has already been completed to date and what work still required to be done.	
2.7	<b>Legal DD:</b> SF reported that the SG's legal advisors, MacRoberts, had received and were reviewing the agreed Transitional Services Agreement put in place between GPA and Manston Airport. MacRoberts also have a version of the Share Purchase Agreement (SPA) that anticipated a private sector purchaser. It was reported that the SPA would be revised and reissued in the next couple of days.	
2.8	<b>Business Plan:</b> SF reported that no information in the Business Plan would be put into the public domain prior to any acquisition of GPA by the SG. However, if the acquisition does go ahead, the SG will need to release sufficient information to demonstrate that the deal complies with the Market Economy Investor Principle, with the exception of although some commercially sensitive information.	
	<b>Business Case:</b> An outline and structure for the business case was being draft by SG.	
	<b>Transport Scotland Project Board:</b> A meetings schedule has been agreed for TS's Project Board.	
	<b>Date of next teleconference:</b> Thursday 24 October 2013 at 09:00	

END.

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## Notes of Meeting

**Project:** Prestwick Airport

**Ref:** A7115022 / Final

**Subject:** Principals' Conference Call

**Chair:** Sharon Fairweather (SF), Transport Scotland

**Attendees:** John Nicholls (JN), Transport Scotland  
[REDACTED] Transport Scotland  
[REDACTED] Transport Scotland  
[REDACTED] Scottish Enterprise  
Paul Newfield (PW), Infratil  
Kellee Clark (KC), Infratil  
[REDACTED] PWC  
[REDACTED] PWC  
[REDACTED] PWC

**Apologies:** None.

**Location:** Conference Call

**Time / Date:** 09:00 Hours, Thursday 24 October 2013

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Item	Discussion	Action
<b>1.</b>	<b>Project Plan</b>	
1.1	SF reported that the recent site visits to Glasgow Prestwick Airport (GPA) and meetings with the airport's managers had been very useful.	
1.2	SF reported that Work on real estate, legal and financial Due Diligence (DD) were continuing and progressing on programme.	
1.3	SF reported that SG has arranged to meet with representatives of the Welsh Government to discuss their experience with Cardiff Airport and the MEIP and state aid issues arising.	
1.4	SF reported that SG has arranged to meet with its insurance advisors during the week commencing 28 October 2013. A key issue will be to separate out insurance provided under Infratil group cover and to replicate this in favour of the new company.	

Item	Discussion	Action
1.5	SF reported that SG has arranged an internal meeting to consider the new corporate structure, management structure and board arrangements required in respect to the new company.	JP
1.6	CM reported that he was meeting with SG's legal advisor to review and discuss the proposed Sale and Purchase Agreement. Comments on the SPA will be provided by SG's legal advisors (MacRoberts) during the week commencing 28 October 2013.	
1.7	It was noted that the new company would need banking facilities and sufficient working capital to ensure business / operational continuity. KC reported that current banking facilities were only tied to Infratil by company guarantees. Options for interim or transitional banking facilities were discussed and it was noted that SG would need to progress these with its advisors.	
<b>2.</b>	<b>Business Plan</b>	
2.1	SF reported that the first draft of the Business Plan (BP) was due on Monday 23 October 2013 and that a meeting has been arranged for SG and its advisor for Tuesday 24 October 2013 to review it.	
2.2	It was confirmed that the BP was being developed by Haines Watt and would deal with the commercial viability of GPA. A separate Business Case would be developed by SG to inform the investment decision and would detail the wider economic and strategic benefits of acquiring GPA.	
<b>3.</b>	<b>Freedom of Information</b>	
	<p>SF reported that FOI would be dealt with in accordance with published guidelines and accordingly no further process or guidance would be issued.</p> <p>Following a discussion it was noted that some commercially sensitive information might not be released under FOI, with each case being treated on its own merits. It was agreed that Infratil and its advisors would identify and mark anything it considered to be commercially sensitive as such and would create a separate area for this information in data room.</p>	
<b>4.</b>	<b>Any Other Business</b>	
	SF reported that SG has received five Parliamentary Questions on the potential acquisition of GPS. SF agreed to share appropriate details with Infratil.	

End.

## Notes of Meeting

**Project:** Prestwick Airport

**Ref:** A7116090 / Final

**Subject:** Principals' Conference Call

**Chair:** Sharon Fairweather (SF), Transport Scotland

**Attendees:** John Nicholls (JN), Transport Scotland  
[REDACTED] Transport Scotland  
[REDACTED] Transport Scotland  
[REDACTED] Scottish Enterprise  
Steve Fitzpatrick (SFi), Infratil  
Paul Newfield (PN), Infratil  
Kellee Clark (KC), Infratil  
[REDACTED] McClure Naismith  
[REDACTED], PWC  
[REDACTED] PWC

**Apologies:** None.

**Location:** Conference Call

**Time / Date:** 09:00 Hours, Thursday 31st October 2013

Item	Discussion	Action
1.	<b>Project Plan</b>	
	SF reported that progress was being made on all work streams and that completion of the Due Diligence process remained broadly on target to conclude by 20 November 2013.	
2.	<b>Due Diligence</b>	
	SF reported that SG's legal advisors were reviewing the Sale and Purchase Agreement and would provide comments by 1 November 2013.  SF reported that the proposed Non-Disclosure Agreement to be entered into by The Scottish Government (SG) and Scottish Enterprise were being discussed between SG's and Infratil's legal advisors.	



Item	Discussion	Action
<b>3.</b>	<b>Business Plan</b>	
	<p>SF reported that SG and its advisors had held a workshop on 29 October 2013 to review the first draft of the Business Plan (BP) and agree the assumptions underpinning it. SF reported that the financial figures coming out were not as good as SG would like but it would allow negotiations to commence. It was agreed that a principals' meeting be arranged to progress negotiations.</p> <p>CM confirmed that the potential acquisition of Glasgow Prestwick Airport (GPA) needed to be progressed on a commercial basis and in accordance with rules on state aid. The BP was showing a viability gap and that the Internal Rate of Return predicted might not satisfy MEIP scrutiny.</p> <p>SFi suggested that a meeting with GPA's management team might be able to add value and uncover some opportunities to improve the BP.</p> <p>CM reported that the BP is based on work that has been developed over months and already includes input from GPA's management team. Whilst further discussions might be helpful, it is not anticipated that these would materially change the commercial position.</p> <p>SF confirmed that SG did not expected to share the BP with Infratil, but that it would refer to its assumptions during the negotiation talks.</p> <p>It was noted that SF would travel to Scotland the week commencing 5 November 2013 to attend the proposed Principals meeting, agreed to be held on Wednesday 6 November 2013.</p>	<b>JP, MA</b>
<b>4.</b>	<b>Banking Arrangements</b>	
	<p>SF reported that SG's legal advisors (MacRoberts), were speaking with GPA's current bank (HSBC) to secure interim arrangements to ensure business continuity over any acquisition period. It was noted that SG could only provide a minimum level of guarantee, required by the bank, without going to Parliament.</p>	
<b>5.</b>	<b>Insurance</b>	
	<p>GP reported that SG had met with its insurance advisors (Gallagher Health) on 30 October 2013. Within the time available and in discussions with GPA's current insurance broker, it is proposed that insurance not provided under Infratil group cover be migrated across and insurance that is provided under group cover be replicated, all in favour of the new company.</p>	<b>GP, JP</b>