

Purpose of Session

- Current Position:
 - Update since May Board
 - Do we want to continue with LS185
 - Renegotiation of LS185 Contract
 - Termination of LS185 Contract
- Review of Contingency Plans:
 - Essential functions needed
 - Interim options for stadium management
- Key Questions and Next Steps
- Set of Slides and 3 accompanying documents provided

Update Since Board

Update since May Board

- LS185 continue to operate stadium
- More E20 changes instructed - Change to 2018 seating capacity, London 2017 hire, Shell
- LS185 team too small, with key skills missing
- No LS185 threats to down tools, but have stated July LS185 Board and 1 August date significant for them
- Disputes not resolved
- LS185 refusal to agree change requests being agreed (e.g. NTH)
- LS185 Board on 11 July considering their position

- Less E20 / LLDC / LBN confidence in LS185
- Contingency planning progressed
- Feeling that tipping point being reached

May Board **s.43**

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Do we want to continue with LS185?

LS185 Score Card

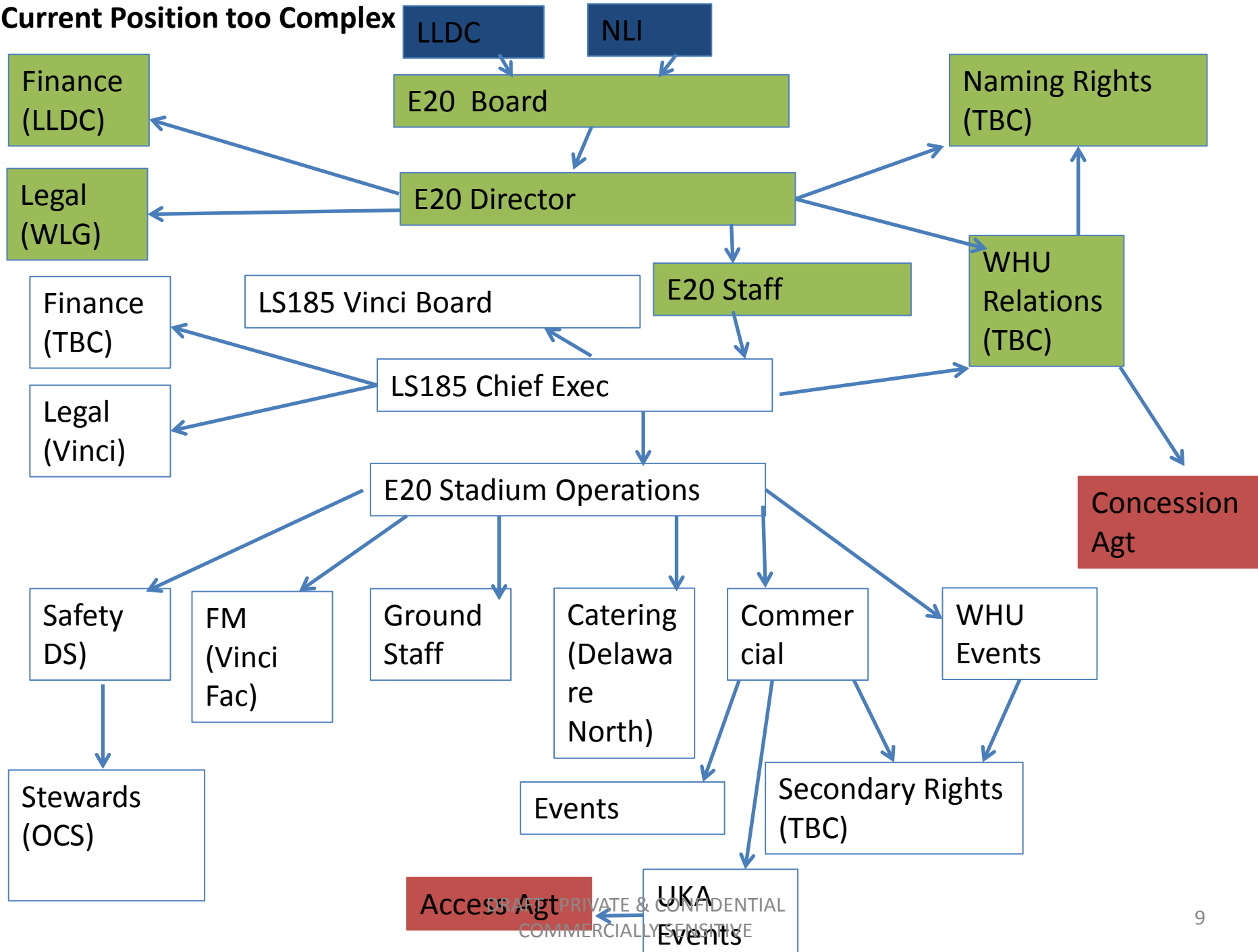
	E20 Oct 2016	E20 June 2017	Comment
Financial Performance			
Commercial Delivery			
Financial Resilience			
Technical Delivery			
Safety / Operational Confidence			
Relationship Management			
Community and Employment Benefits			
Accountability and Taking on Responsibility			
Dedication and Commitment			

Continuing with LS185

- LS185 not delivering to contract (see list of issues – Document 1)
- Financial risk and control still not aligned
- LS185 inability close out deals (L2017, commercial deals)
- Also E20 acting like it needs more control:
 - Issuing instructions to LS185 (London 2017)
 - E20 are changing parameters (Seating)
- LLDC and LS185 duplication and complexity

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Current Position too Complex



STAFF PRIVATE & CONFIDENTIAL
COMMERCIAL SENSITIVE

Renegotiation of LS185 Contract

Renegotiate LS185 Contract

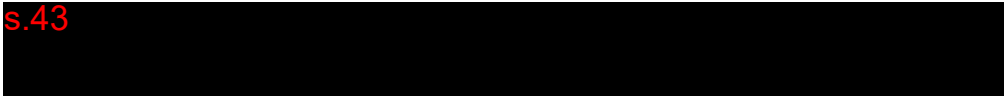
- LS185 considering position at their July 2017 Board
- Options:
 - Continue as now (Low likelihood)
 - Renegotiate (High likelihood)
 - Terminate (Moderate likelihood)
- Renegotiation could just be settling all the excusing events and disputes
- LS185 may put more on the table – Fixed costs, resources, % profit, seating management
- **Are we confident enough in LS185 opportunity to transfer more responsibility to them?**

Current Responsibilities

	LS185	E20	Comments
Safety Certificate	Y	N	
Fixed Costs and Facility Mgt	Y	N	
Catering	Y	N	Through DN sub contract
Stewarding	Y	N	Through DN sub contract
Concert Promoters	Y	N	E20 involved due to seats
Commercial Revenues	P	P	Should be LS185
WHU and UKA Relations	P	P	Should be LS185
MLB	P	P	GLA want to host
QEOP on Event Days	P	P	LS185 seeking to pass to LLDC
SPL and Waterfront	P	P	Moving to LLDC from 9/17
Community Events	N	Y	LLDC doing. Should be LS185
Northern Ticket Hall	N	N	Needs to be LS185, or LLDC
Seat Moves	N	Y	Should be LS185
Naming Rights	N	Y	Should be LS185

Termination of LS185 Contract

E20 Hand may be Forced by Vinci

- If E20 say “no” to renegotiation, LS185 very likely to seek termination
- If terminate:
 1. s.43 
 2. LS185 in breach of contract as do not have good grounds for terminating
 3. Need to implement contingency plan

Likely Grounds for LS185 Claim for Terminating

- “Stadium unsafe”: **Not Credible**
 - Operated for 12 months
 - H&S reports
 - Reduced level of work arounds
- Stadium not complete by 1 August 2017: **Not Credible**
 - Stadium being operated
 - Limited defects

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OR

- Mutually agreed by both parties

Options if LS185 Terminate on 1 August 2017

- Say No, relent and renegotiate
- Say Yes:
 - Exit 60 days later (29 September 2017)
 - Document 2 sets out example timeline
 - Replacement in place by then
 - Sue LS185 for unlawful termination
- Need to separate the implementation of termination matters:
 - Securing operations (AS lead)
 - Settling legal termination matters (CRO)

Key Questions on LS185

- Are we confident enough to renegotiate and put 'all our eggs' in the LS185 basket?
- Would we accept an LS185 termination?

Contingency Plans if Terminate

Timeline if Terminate

- LS185 makes 'renegotiate or terminate' statement (e.g. August 1)
- Document 2 sets out example timeline:
 - E20 agrees to terminate
 - Enter into process from August 2017
 - Concludes 60 days later (end September 2017)
 - Ahead of any wider restructuring

Critical Functions to Run Stadium

- Essential:
 1. Retain Safety Certificate:
 - Convince LBN licencing
 - Keep or replace Safety team
 - Move over Expedient stewarding contract
 2. Keep “on the ground” Operations Team
 3. Facilities Management (inherit Vinci FM?)
 4. Catering (Inherit DN)
 5. Communications Plan
 6. Documentation

Critical Functions to Run Stadium

Key requirement	Current responsibility	Potential approach if required	Next steps / further info required
Stadium Operations (break down further into key areas)	S.43		
Facilities Management (break down further into key areas)			
Stewarding			
Event day catering			
Ground staff			
LS185 Finance and other critical corporate services			
Stadium safety, notably retaining safety certificate			
Managing and delivering event contract requirements			

(1) Retain Safety Certificate

- Licencing could shut stadium or reduce capacity
- General Safety Certificate is in LS185 name (as a company, not an individual)
- Special Safety Certificate in name of s.40 on behalf of LS185, with s.40 and s.40 as key individuals (needs to be transferred to DS regardless)
- Possible to move certificate to E20 or interim company
- Need to demonstrate to LBN Licencing (and SGSA) that able to operate
- Critical to secure safety certificate:
 1. Adopt current procedures (i.e. deliver LS185 event management plan, safety plan)
 2. Confirmation and confidence in structure (i.e. who is making decisions)
 3. Confirm outstanding issues not yet resolved will be (e.g. colour of gates)
 4. Retain key team members (or convince licencing that replaced with team able to deliver the plan agreed). Prefer retention of key members to secure continuity
- Key functions / people that should be retained to maintain safety certificate- s.40

Essential, to secure Continuity of Staff and Plans

(2) On the Ground Operations

- E20 issues are not with “on the ground” LS185 Operations Team performance
- Not compelling reason to change:
 - Ops Team s.40 [REDACTED]
 - s.40 [REDACTED]
- Document 3 sets out position and risks to securing staff if we transferred them

**Essential, and strong cause for
Continuity of Ops Staff and Plans**

(3) Facilities Management

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(4) Catering

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(5) Communication Plan

- Termination could be seen as another failure at stadium
- However, public don't know / care who runs stadium
- Vinci concerned about reputation:
 - Not E20s concern
 - Could agree mutual messaging if E20 wanted to
 - s.43

Essential we have a communications plan in place, including staff, sub contractors, tenants and public

(6) E20 has Important Documents

- Contingency Plan folder set up
- Populated with:
 - Contracts
 - Agreements
 - Safety / Licence etc. Documents
 - Event Management Plans
 - Gaps identified and being filled
 - Rate Cards

Essential we have as many LS185 documents and contracts as possible stored and ready to use

Non Essential Functions

- s.43 [REDACTED]
- s.43 [REDACTED]
- s.43 [REDACTED]
- s.43 [REDACTED]
- s.43 [REDACTED]
- s.43 [REDACTED]
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- s.43 [REDACTED]

Non LS185 Functions

- E20 and LLDC continue, with greater clarity:
 - Contract Holders (WHU / UKA / Westfield)
 - QEOP returns to LLDC (including stewarding?)
 - School build
 - Naming rights

Stadium Management Options

- Need an entity to run the stadium
- Options:
 - A. Third party Interim Company
 - B. E20 take over / “buy” LS185
 - C. s.43

(A) Interim Company

- Terminate LS185 contract
- Employ company ^{s.43} [REDACTED] to manage the stadium on an interim contract
- CRO could be the Stadium Director?
- Risk still lies with E20, but more control of decision making
- Retain critical ex-LS185 staff and sub contractors where possible
- Keeps operations arms length

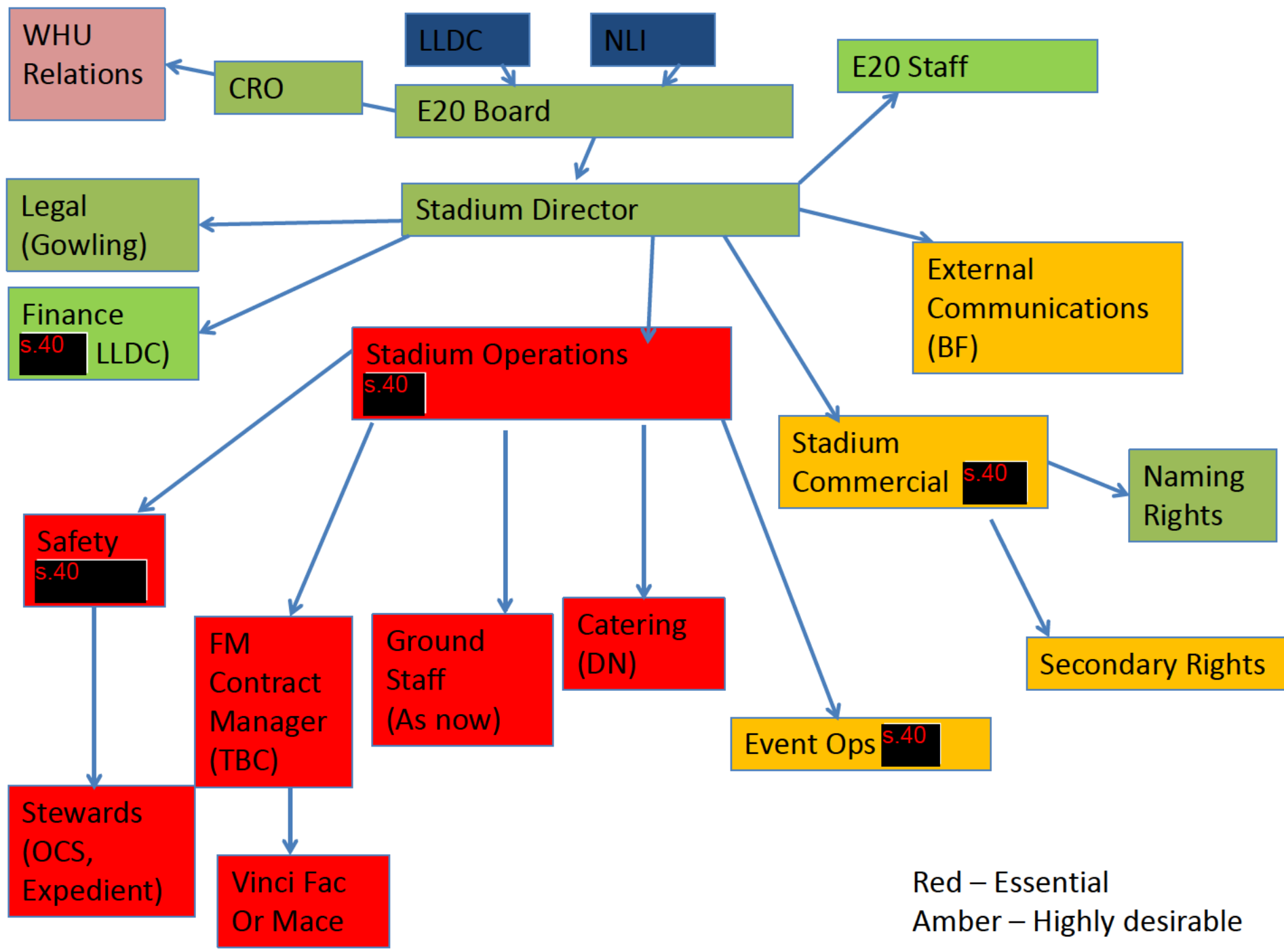
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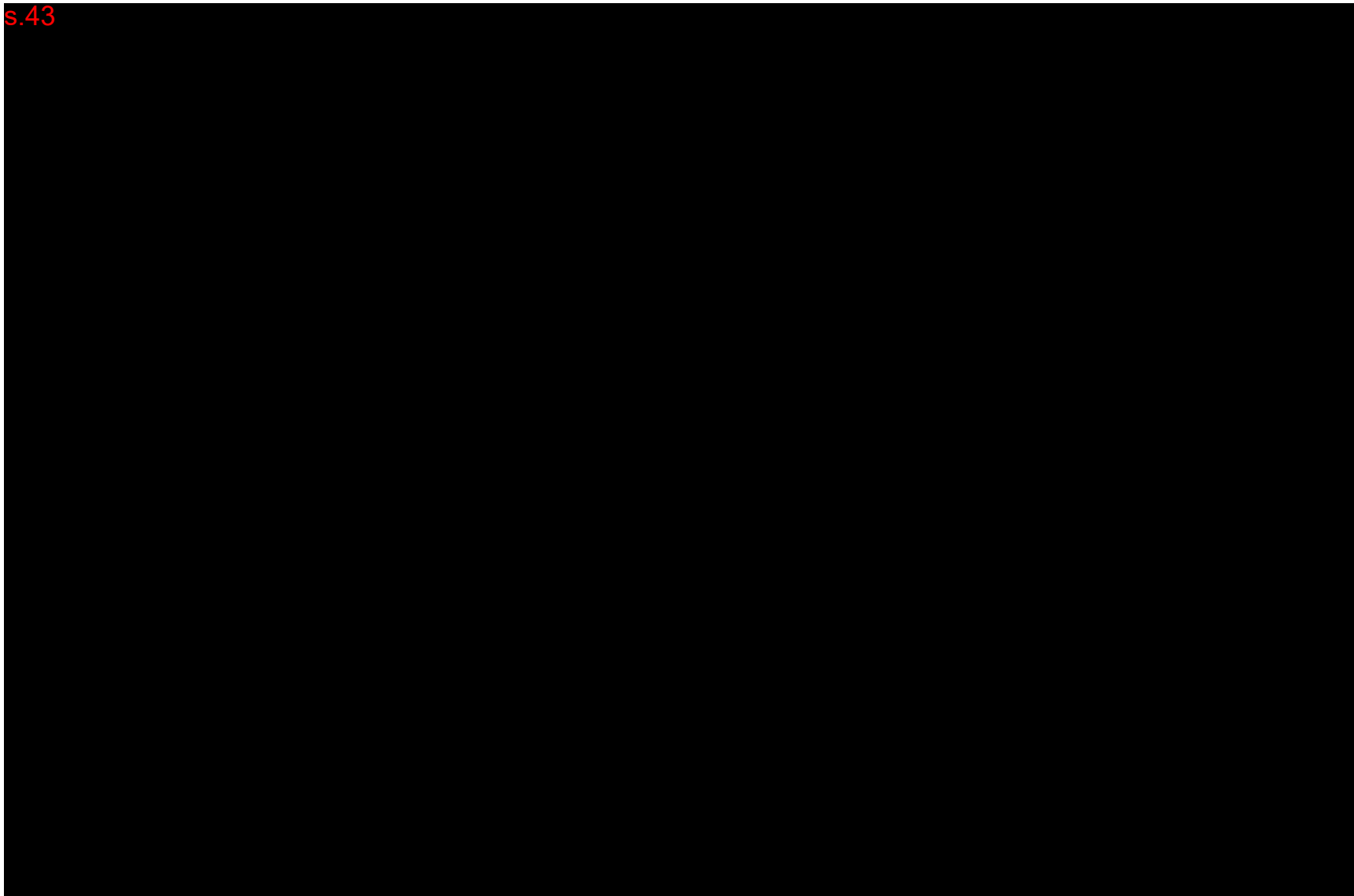
(2) E20 Take Over / 'buy' LS185

- Automatically retains LS185 staff (gives certainty, but have full team)
- Retain sub contractors without renegotiation or loss of continuity
- Achieves better alignment of risk and control
- Similar exit payment to LS185 for termination

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Conclusions and Next Steps

Key Questions

- Are we confident enough to renegotiate and put 'all our eggs' in the LS185 basket? **NO**
- Would we accept an LS185 termination? **YES, and implement contingency plan**
- Can we deliver the Contingency Plan? **YES**
- What entity do we want to manage the Stadium during contingency period? **Interim Entity, with core LS185 and sub contractors staff transferred**

Actions

- Decide on Key Questions
- Decision by Board 25 July 2017
- Brief and integrate CRO
- Finalise contingency plan ahead of 1 August 2017:
 - Robust with LS185
 - Legal termination documents ready
 - Informal discussion with staff we want to transfer