

Date: 17 October 2013

Item 8: European Investment Bank Corporate Loan

This paper will be considered in public

1 Summary

- 1.1 This paper seeks approval for TfL to enter into a corporate loan facility agreement with the European Investment Bank (EIB).
- 1.2 A paper is included on Part 2 of the agenda, which contains exempt supplemental information and documentation. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendations

2.1 That the Committee:

- (a) note the paper and the related paper on Part 2 of the agenda;**
- (b) note that under the Treasury Management Strategy 2013/14 approved by the Board in March 2013, the Committee's approval is required for any newly arranged facility (but not facilities being renewed) through the European Investment Bank (EIB);**
- (c) approve the substantive terms of the proposed loan facility agreement between TfL and the EIB for up to £500m as set out in Appendix 1 to the paper on Part 2 of the agenda, subject to any further amendments that the TfL Officers (as described in 2.2 below) may approve further to the delegation in paragraph (d);**
- (d) delegate authority to the TfL Officers (as described in 2.2 below) such that any one of them may approve, authorise and agree on behalf of TfL the final terms and conditions of the loan facility agreement (including the final amount of the loan (subject to a maximum of £500m), the tenor, interest rates, specific drawdown dates, loan profile and repayment schedules and any amendments to the substantive terms) and any other documentation relating to the loan; and**
- (e) delegate authority to the TfL Officers (as described in 2.2 below) to approve, sign, execute (if necessary, by authorising the fixing of the TfL seal) and deliver on behalf of TfL the loan facility agreement and any and all ancillary documentation to be entered into by TfL in relation to the to the loan facility.**

2.2 The following TfL Officers have delegated authority: the Commissioner, Managing Director Finance, General Counsel, Chief Finance Officer and Director of Group Treasury.

3 Background

3.1 The EIB is a public sector lender (owned by the Member States of the European Union) that provides loans to support projects on the basis of specific eligibility criteria that focus on assisting regeneration or development of economically deprived areas, along with projects that improve the natural and urban environment such as railways and other public transport.

3.2 The EIB is an important external stakeholder for TfL and continues to be a key long term financing partner of TfL. TfL already has several corporate loan agreements with the EIB which has also provided loans to TfL's PPP/PFI project companies.

3.3 Details of the substantive terms of the proposed loan facility agreement between TfL and the EIB for up to £500m are set out in the paper on Part 2 of the agenda.

4 Next Steps

4.1 Subject to the Committee's approval, Officers will work to finalise and enter into the loan agreement by the end of December 2013.

List of appendices to this report:

A paper on Part 2 of the agenda contains exempt supplemental information.

List of Background Papers:

None

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