

Date: 14 October 2014

Item 8: **European Investment Bank London Overground Capacity Improvement Programme Facility**

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) to fund infrastructure enhancements required as a result of the conversion of the existing fleet of 57 London Overground Class 378 four car trains to five car trains, as part of the London Overground Capacity Investment Programme (LOCIP).
- 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 **The Committee is asked to:**

- (a) note the paper and the related paper on Part 2 of the agenda;**
- (b) note that under the Treasury Management Strategy 2014/15 approved by the Board in March 2014, 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 £95m 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 paragraph 2.2 below) may approve further to the authorisation in paragraph 2.1 (d) below;**
- (d) authorise the TfL Officers (as described in paragraph 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 £95m), 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) authorise the TfL Officers (as described in paragraph 2.2 below) to approve, sign, execute (if necessary, by authorising the fixing of the TfL seal), 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 and to do all such other things as they consider necessary or desirable to implement the above.

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

3 Background

- 3.1 The EIB is a lender that is owned by the Member States of the European Union. It 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 and EIB has also provided loans to TfL's PPP/PFI project companies.
- 3.3 LOCIP is a programme of works that includes a series of infrastructure enhancements, such as improvements to stabling, depot and maintenance facilities, platform extensions, signalling and power supplies, required to support the conversion of the existing fleet of 57 London Overground Class 378 four car trains to five car trains on all routes.
- 3.4 Details of the substantive terms of the proposed loan facility agreement between TfL and the EIB for up to £95m 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 January 2015.

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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