

Date: 22 January 2015

**Item 15: Export Development Canada – Corporate Loan for
Crossrail Rolling Stock and Depot Project**

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 Export Development Canada (EDC), Canada's export credit agency, to fund part of the Crossrail Rolling Stock and Depot (RSD) project. EDC is not on the list of Approved Borrowing Sources within the Treasury Management Strategy 2014/15 and so approval is also required for them to be added.
- 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 note the paper and the supplementary information on Part 2 of the agenda and to:**
- (a) note that under the Treasury Management Strategy 2014/15, approved by the Board in March 2014 and updated in November 2014, the Committee's approval is required for any additional sources of borrowing to be added to the list of Approved Borrowing Sources;**
 - (b) approve the addition of Export Development Canada (EDC) to the Treasury Management Strategy 2014/15 list of Approved Borrowing Sources;**
 - (c) approve the substantive terms of the proposed loan facility agreement between TfL and the EDC for up to £500m, as set out in 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) authorise the TfL Officers (as described in 2.2 below) to agree 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;**
 - (e) authorise the TfL Officers 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 loan facility; and

(f) authorise the TfL Officers to do all the things they consider necessary or expedient to implement the loan facility agreement described above.

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 EDC is Canada's export credit agency. It is wholly owned by the Government of Canada and provides financing and risk management services to Canadian exporters and investors worldwide. EDC is proposing to lend directly to TfL via a loan facility conditioned upon TfL's contract with Bombardier to supply the RSD project. The RSD contract with Bombardier was signed on 18 February 2014.

3.2 The RSD project was originally intended to be procured as a service concession complete with private finance of the capital cost to be paid for over time through access charges paid by the operator of Crossrail services. The procurement process was managed by a team at Crossrail Limited and the process was established in a way that retained the ability to remove the private financing element of the project and conventionally procure the assets.

3.3 In March 2013, it was announced that the RSD project would be conventionally procured and the financing elements of the procurement process were removed from the bid process.

3.4 In December 2013, the European Investment Bank agreed to lend TfL £500m towards the project, for which the total expected cost was £1,200m. Therefore, the proposed EDC loan facility to TfL, would cover the majority of the balance.

3.5 Details of the substantive terms of the proposed loan facility agreement between TfL and the EDC 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 March 2015.

List of appendices to this report:

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

List of Background Papers:

None

Contact Officer: Simon Kilonback, Director of Group Treasury

Number: 020 7535 5300

Email: SimonKilonback@tfl.gov.uk