

Merseyside Passenger Transport Authority
Extra Ordinary Meeting
31 October 2005

Present: Councillor M Dowd, Chair
Councillor J Spriggs, Vice Chair

Councillors P Allen, R Crummie, J A Dodd, T Hargreaves,
R Johnston, D Knowles, A Makinson, P Millea, D Mitchell,
J M^cKelvie, R E Roberts, D Sumner, Mr D Callan and
Ms C Roberts.

Apologies for absence were submitted by Councillors R Abbey,
A Dean, K M^cGlashan and L M^cGuire.

(This is an extract from the Minutes just showing the trams financing item.)

51. **Merseytram Financing**
(DR/37/05)

The Authority considered a report of the Director of Resources regarding Merseytram Financing.

The Director of Resources spoke to the report outlining the salient points from each section of this report and a number of developments that had taken place since the report was written.

Concern was expressed again at the lack of clarification in further correspondence from the Department for Transport on the Department's expectations of Knowsley Metropolitan Borough Council and Liverpool City Council with regard to the project and its financing.

The legal representative dealing with the tram stated that verbal confirmation had been received from DfT that they were content for Merseytravel to underwrite claims above £24 million, subject to the letters from the District Authorities to DfT being unqualified by such a limit.

A letter dated 31 October 2005 from the legal advisor to the Chief Executive outlining was circulated to all members.

The District Auditor's representative also spoke to the meeting stating that there was satisfaction with the manner in which the process was being progressed to date but that written confirmation from the Department for Transport with regard to the acceptability of the proposed funding agreement, were required. The Chief Executive confirmed that this confirmation was needed to be satisfied before full financial closure could proceed.

A further letter of clarification needed to be obtained.

Motion by the Chair duly seconded.

That:-

- (a) it be noted that at a full meeting of Council on Friday 28 October 2005 Knowsley Metropolitan Borough Council (KMBC) agreed to underwrite their proportion of £24 million contingency for Merseytram Line 1 based on the percentage population for its area;
- (b) it be noted that the Executive of Liverpool City Council (LCC) are to meet on Friday 4 November 2005 to discuss the issue of underwriting their proportion of the £24 million contingency for Merseytram Line 1 based on population and that the Authority looks forward to receiving support from LCC in respect of the £24m contingency on the same basis as that given by KMBC;
- (c) the Authority seek further clarification from the Department for Transport with regard to the funding and their expectations of the 2 District Councils;
- (d) subject to the Liverpool City agreement to underwrite their proportion of the £24m contingency at its meeting on Friday 4 November 2005, the Chief Executive and/or Director of Resources be authorised to execute a funding agreement on behalf of the Authority confirming the terms on which LCC and KMBC will fund the £24m contingency if necessary, and if this becomes necessary, Merseytravel will fund any excess claims above this level;
- (e) the Chief Executive and/or Director of Resources be authorised to negotiate such deeds, agreements, instruments, documents and other arrangements with Liverpool City Council and Knowsley Metropolitan Borough Council, including arrangements in respect of contingency underwriting for the Line 1 project, amendments to the existing Implementation Agreement, a highways interface agreement and approvals protocol as they consider reasonably required to facilitate the construction and installation of the Line 1 system on the terms set out in this report and the report to the Authority of 10 October 2005 and to execute the same on behalf of the Authority, under the seal of the Authority, as a deed or otherwise;
- (f) subject to concluding the deeds, agreements, instruments, documents and other arrangements referred to in (e) above, and pursuant to sections 10, 12, 13 and 15 of the Transport Act 1968 (as amended):-

- (i) the proposed expenditure by Merseyside Passenger Transport Executive on the Line 1 project as set out in the Director of Resource's report including by the payment of loans and concession fees to Merseytram 2006 Limited, and by direct payments for land required for the project, utility diversion works and other works, services, equipment and other assets required for the Line 1 system be approved;
- (ii) the proposed loan of up to £204.2 million from the Authority to Merseyside Passenger Transport Executive referred to in the Director of Resource's report be approved and the Chief Executive and/or Director of Resources of the Authority be authorised to execute the loan agreement with Merseyside Passenger Transport Executive in the form set out in Appendix 2 to the Director of Resource's report or with such amendments as they consider reasonably required to facilitate the project on behalf of the Authority and whether, under the seal of the Authority, as a deed, under hand, or otherwise;
- (iii) in accordance with Section 12(3) of the Transport Act 1968, Merseyside Passenger Transport Executive be authorised to borrow up to £204.2 million from the Authority on the terms referred to in paragraph (ii) above;
- (iv) the Authority approve the making of such grants from the Authority to Merseyside Passenger Transport Executive as may be required under the terms of the loan agreement with Merseyside Passenger Transport Executive, or otherwise approved by the Chief Executive and/or Director of Resources of the Authority for the purpose of facilitating the payment of any capital or interest and the discharge of any obligation required in respect of the loan referred to in paragraphs (ii) and (iii) above be approved;
- (v) the Chief Executive and/or Director of Resources be authorised to execute the facility letter and loan instrument set out in Appendix 1 to the Director of Resources report or with such amendments as they consider reasonably required to facilitate the Line 1 Project on behalf of the Authority and whether, under the seal of the Authority, as a deed, or otherwise and to drawdown from such facilities amounts not exceeding £30 million to fund expenditure on the Line 1 Project;
- (vi) the Chief Executive and/or Director of Resources be authorised to negotiate borrowing facilities of up to a further £10 million and drawdown such facilities to fund expenditure on the Line 1 project;

- (vii) the Authority enter into and carry out agreements with the RBS Merseytram Partnership, Merseytram 2006 Limited and/or any of the contractors, sub contractors or agents engaged for the purposes of the Line 1 project for the transfer to them of any undertaking, property, rights or assets of the Executive relevant to the Line 1 project whether absolutely or for a term of years including by selling, leasing, charging or otherwise disposing of or permitting them to occupy land or any other property or assets acquired by the Executive, for the purposes of the Line 1 System and any rights or obligations of the Executive under the Merseytram (Liverpool City Centre to Kirkby) Order 2005 or otherwise relating in any way to the Line 1 System and whether or not for a market or other consideration;
- (viii) Merseyside Passenger Transport Executive be authorised to exercise all powers referred to sections 10(1)(xv), 10(1)(xx), 10(1)(xxi), 10(1)(xxii) and 10(1)(xx(iii)) for the purposes referred to in paragraph (vii) above and in particular to enter into a lease (“the Headlease”) in favour of Merseytram 2006 Limited of all those land, premises, easements, rights and interests referred to in the Headlease set out in Appendix 7 to the Director of Resources report, on the terms of such Headlease, or with such amendments as the Chief Executive or Director of Resources may consider reasonably required to facilitate the Line 1 Project and whether under the seal of the Authority, as a deed, under hand or otherwise; and
- (ix) the Authority and Merseyside Passenger Transport Executive be accordingly authorised to proceed with financial close of the Merseytram Line 1 Project subject to satisfactory resolution of these matters outlined above.

The **MOTION** was then put and a vote taken, the motion was carried by 10 votes in favour, 1 vote against, (2 abstentions) and it was **Resolved** **Accordingly**.