

# Minutes of the Finance, Estates & Marketing Governing Body Committee Meeting held on Tuesday, 24 June 2008 at 6.00 pm

Present: Mr John Fogarty  
Mr Gerry Hill (Vice Chair)  
Mr Rod Hill (Chair)  
Mr Rob Peacock (Principal)  
Fr Felix Stephens  
Dr Christine Tyler

In attendance: Mr Nick Burnham (Vice Principal)  
Mrs Michelle Williams (Director of Resources)

Minuting and Acting Clerk Mrs Alison Fishwick

## 1. Declarations of Interest

None.

## 2. Apologies

Mr John Perry (Clerk).

## 3. Matters pertaining to the Bank Loan

The Director of Resources took Governors through the **Summary** pertaining to the Bank Loan. This matter was raised at the last meeting of this Committee and Governors were given a period of time to consider the options.

The Summary reiterated the agreed provider of loan finance to support the capital project (Barclays Bank plc) and the loan facility agreed. Governors were asked to consider the proposed interest rate structure of the loan and conditions for approval as contained in the facility letter for recommendation to the Full Governing Body.

Governors noted that the College management team had considered that the Term Loan should be managed in a simple and transparent way and, after considering the various rates, recommended the option to fix the rate from completion of the development in September 2010 for the £4.1m Term Loan. In respect of the Development period loan, the College management team felt that it should be managed with as much flexibility as possible over the period of the development and recommended the variable rate using the lower of the two rates on offer (i.e. LIBOR or Bank Base) at the point of draw down.

Governors noted the implications for Finance, Staffing, Legal and Risk Management elements of the loan arrangements as detailed in the Summary.

Governors discussed the timing of fixing the rate. The Director of Resources commented that there are risks associated with any time chosen to fix the rate, particularly as rates are historically low and are more likely to go up.

In respect of the recommendation to authorise the Principal and Director of Resources to execute the finance documents on behalf of the College, Governors felt that the Chair of the Finance, Estates & Marketing Committee should perhaps be a third signatory as it was felt that the Governing Body should also take responsibility for the loan arrangement. Governors noted however that once the facility letter has been signed and authorisation is given the instruction to instigate the loan arrangement is transacted over the telephone. The Chair reaffirmed the Committee's approval in principle for the Principal and Director of Resources to execute the process as discussed at the last meeting.

In respect of Point 8 of the report where it states "As rates are relatively low at the moment this option (the Term Loan) should be put in place by October of 2008". Governors recommended that this should read "be put in place as soon as possible subject to interest rates being under a certain threshold". It was confirmed at this point that the financial forecast has accounted for an interest rate of 6% plus the margin.

Governors also raised a previous comment raised at the last meeting, where it was suggested that the reasons for the Governing Body's decision on the loan arrangements be defined in written form either via a "minute" or a separate letter which gave a rationale for the decision. The purpose would be to inform future Governors as to why the Governing Body made the decision at this particular point in time on the loan arrangement chosen. It was also suggested that this reasoning be implied within the College's Trading Management Policy in respect of choosing fixed rates.

**The Principal agreed to draft a rationale for approval at the next meeting of the Finance, Estates & Marketing Committee.**

- a. Governors noted the contents of the report.**
- b. Governors approved the contents of the report.**
- c. Governors accepted the facility letter and terms and conditions contained within.**
- d. Governors authorised the countersign and return of the facility letter.**
- e. Governors authorised that Mr Rob Peacock and Mrs Michelle Williams execute the finance documents on behalf of the college.**
- f. Governors approved the recommendation for the interest rate structure of the loan and that the interest rate for the Term Loan be fixed as soon as possible.**

The recommendations to be presented to the Full Governing Body at its meeting at 7.00 pm.

**4. Any Other Business**

None.

**5. Date of Next Meeting**

Friday, 26 September, 2008

Mr John Fogarty sends his apologies for this meeting.