

HART LEARNING GROUP

Minutes of a meeting of the North Hertfordshire College Further Education Corporation (the "**Corporation**"), held on Friday 22 March 2019 in the Orange Room, Hitchin Campus, Cambridge Road, Hitchin and by teleconference.

PRESENT

Liz Calver (Staff Governor)
Kit Davies

Vernon McClure
Andrew Simmons (Chair)

ATTENDING BY TELECONFERENCE

Peter Johnston
Jacky Price

Jack Tomlinson

IN ATTENDANCE

Paul Harte (Group Finance Director)

Robert Dale (Company Secretary)

ITEM 1A: APOLOGIES FOR ABSENCE

- Apologies for absence had been received from Lynne Ceeney (Vice-chair), Daniel King (Student Governor), Danny Malyon, Liz Mitchell and David Stern. Rhys Thomas (Observer) had also given apologies.
- The Chair confirmed that a quorum was present.

ITEM 1B: DECLARATIONS OF INTEREST

- All the members present confirmed that they had no interest, whether direct or indirect, in the creation of the proposed security which they were required by the Corporation's Articles of Association (or other constitutional documents) or otherwise to disclose.

INTRODUCTORY

- The Chair explained that this additional meeting had been called in order to consider and if thought fit, approve the execution of the Lloyds Facilities Agreement, SoS Facility Agreement, Lloyds New Mortgage, DfE Mortgage, Deed of Priority (each term as defined below) and all other such deeds and documents as were necessary to give effect to the borrowing and security outlined in the paper circulated before the meeting.
- He was grateful to colleagues for giving up their time and in particular welcomed Jacky Price, who had recently been appointed to the Board. She would be given a proper welcome at the Board meeting on 1 April 2019.
- The Chair noted that David Stern had been intending to participate in the meeting, but had a pressing work commitment relating to a matter at trial.
- Formal consideration of minutes of the previous meeting held on 4 February and matters arising would be given at the meeting on 1 April 2019.

ITEM 2: PROPOSED BORROWING ARRANGEMENTS

- A paper outlining the background to the proposed borrowing arrangements had been circulated to members. [REDACTED]

- [REDACTED]

- [REDACTED]

- The paper circulated had set out the key terms for both borrowing arrangements.

- Lloyds lending was being repaid on a capital and interest basis, with final repayment due for the first loan (c£3m) on 31 March 2023 and for the second loan on 31 March 2029. Lloyds had also granted an overdraft facility of up to £1.3m, though that was not currently being used.

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

- Legal advisers had supported all three parties in preparing the key documents presented here. The Board could be satisfied that the conditions of the lending were not unusual or unreasonable, and in the case of the Lloyds borrowing, largely replicated existing conditions.

- Governors asked:

- [REDACTED]

[REDACTED]

Question: *How would the Board be informed of risks to financial covenants or events of default?* There would be regular (at least quarterly) reporting on these to the Board and the Finance Committee.

Question: *How would obligations to share information with lenders be met?* There was a regular 'case conference' meeting at which Lloyds and DfE representatives discussed progress with senior staff and the Board Chair. These were monthly at present, but expected to be reduced to every other month. In addition, the Agreements provided for the submission of regular financial reports, including quarterly and annual statements.

Action: Create a framework for reporting on financial covenants and the risk of events of default arising to the Finance Committee and Board.

Formalities

- The Board was asked to consider and, if thought fit, approve the terms of and the transactions contemplated by the Transaction Documents described below and the exercise of the Corporation's rights and the performance of its obligations thereunder.
- [REDACTED]
 - [REDACTED]
 - [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

- [REDACTED]

- [REDACTED]

Consideration of the relevant matters

- Under s19(4)(c) Further and Higher Education Act 1992 (the “**Act**”) the Corporation has the statutory power “to borrow such sums as the corporation thinks fit for the purposes of carrying on any activities they have power to carry on...and, in connection with such borrowing, may grant any mortgage, charge or other security in respect of any land or other property of the corporation.” The Corporation therefore has the power to enter into each of the Lloyds Facilities Agreement, the Lloyds New Mortgage, the SoS Facility and the DfE Mortgage.

- [REDACTED]
 - [REDACTED]

- [REDACTED]
- The Members of the Corporation Board (variously “Directors” or “Governors” below) carefully considered the terms of the proposed borrowing and security in good faith and unanimously decided that it would promote the success of the Corporation for the benefit of its members as a whole for the Corporation to enter into the Transaction Documents.

RESOLUTIONS

RESOLUTION A – LLOYDS BANK

1. IT WAS UNANIMOUSLY RESOLVED THAT the granting of the proposed security in favour of Lloyds Bank would promote the success of the Corporation for the benefit of its beneficiaries as a whole and IT WAS FURTHER RESOLVED THAT:

1.1. the terms of, and the transaction contemplated by each of the Lloyds Facilities Agreement, Side Letter, Security Confirmation, Lloyds New Mortgage and Deed of Priority (together the "**Lloyds Finance Documents**") be approved;

1.2. the execution and delivery by or on behalf of the Corporation of the Lloyds Finance Documents and the exercise of its rights and the performance of its obligations thereunder will materially benefit the Corporation and would be for the purpose of fulfilling its objects;

1.3. the form of the Lloyds Finance Documents now produced to the meeting be and are hereby approved;

1.4. the Lloyds New Mortgage, the Deed of Priority and the Security Confirmation (together the "**Deeds**") each be executed as deeds on behalf of the Corporation, subject to such amendments as those executing the same on behalf of the Corporation think fit;

1.5. the following members of the Corporation be authorised to act as signatories in relation to the execution of the Lloyds Finance Documents: Andrew Simmons (Chair), Lynne Ceeney (Vice-chair), Kit Davies (Chief Executive), Vernon McClure (the "**Authorised Signatories**") and the Authorised Signatories be severally authorised to do all acts and things and to sign, authenticate and deliver on behalf of the Corporation any and all documents required pursuant to or in connection with the Lloyds Finance Documents (including affixing the common seal of the Corporation to the Lloyds New Mortgage, the Deed of Priority, the Security Confirmation and any other documentation to be entered into under or in connection with the Lloyds Finance Documents and to be executed by deed) and in such form or with such amendments as those executing the same on behalf of the Corporation think fit;

1.6. any one of the Authorised Signatories be and is hereby authorised to do all such other things and to execute or to cause the execution of all such other deeds and documents on behalf of the Corporation as he may in his absolute and unfettered discretion think fit in connection with the Lloyds Finance Documents and in carrying into effect the purpose of these resolutions, subject in each case to such amendments as those executing the same on behalf of the Corporation think fit;

1.7. all other such deeds and documents as are necessary to give effect to the Lloyds Finance Documents or ancillary to them including all other relevant Lloyds Bank documentation be and are hereby approved;

1.8. the SoS Facility and the DfE Mortgage be and are subject to a separate resolution (see Resolution B below);

1.9. (without prejudice to the authority of any other person to do so) Lloyds or its agent is hereby irrevocably authorised to date the Lloyds Finance Documents and any other deeds and documents executed on behalf of the Corporation at any time after such document(s) shall have been received by Lloyds or its agent;

1.10. the following persons be authorised to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request and Selection Notice (each term as defined in the Lloyds Facilities Agreement)) to be signed and/or despatched by it under or in connection with the Finance Documents (as defined in the Lloyds Facilities Agreement) to which it is a party: Kit Davies (Chief Executive), Paul Harte (Group Finance Director), Robert Dale (Company Secretary);

1.11. the Chair be and is authorised:

1.11.1. to issue and certify as true, complete and up to date copies of the Instrument and Articles of Government of the Corporation;

1.11.2. to issue copies or extracts of the minutes of this meeting and to certify that such copies are true and that the resolutions passed at this meeting remain in full force and effect;

1.11.3. to issue a certificate setting out the name and signature of the Authorised Signatories and their office; and

1.11.4. to certify as true a copy of any other document a true copy of which is delivered by the Corporation pursuant to or in connection with the Lloyds Finance Documents, and

1.12. the foregoing resolutions do not in any way prejudice or affect the instructions to Lloyds contained in resolutions of the Corporation constituting the Corporation's bank mandate.

RESOLUTION B – DEPARTMENT FOR EDUCATION

2. IT WAS UNANIMOUSLY RESOLVED THAT the granting of the proposed security in favour of the Department for Education and entering into the documents noted below would promote the success of the Corporation for the benefit of its beneficiaries as a whole and IT WAS FURTHER RESOLVED THAT:

2.1. the terms of the DfE Mortgage, the SoS Facility Agreement and the Deed of Priority (together the "**DfE Documents**") now produced to the meeting, and all ancillary documents as considered in or contemplated by the DfE Documents, be and the same is hereby approved

2.2 the Corporation's entry into, execution, delivery and performance of each of the DfE Documents and any such ancillary documents be approved;

2.3. Lloyds Bank's Facility Agreement and Lloyds Bank's legal charge be and are subject to a separate resolution (see Resolution A above);

2.4. the following members be authorised to act as signatories for and on behalf of the Corporation: Andrew Simmons (Chair), Lynne Ceeney (Vice-chair), Kit Davies (Chief Executive), Vernon McClure (together the "**Authorised Signatories**") and each an "**Authorised Signatory**")

2.5 the Authorised Signatories be authorised to do all acts and things in connection with the DfE Documents;

2.6. any Authorised Signatory, for and on behalf of the Corporation, be authorised to sign on behalf of the Corporation such of the DfE Documents as are not required to be executed as deeds;

2.7 the Authorised Signatories, for and on behalf of the Corporation, be and are hereby authorised to execute such of the DfE Documents that are required to be executed as deeds by applying the Corporation's seal attested by the signature of two Authorised Signatories (where applicable) and all such documents (including any legal charges or mortgages securing the Corporation's obligations towards the SoS) which may be required by the SoS in connection with the DfE Documents;

2.8. the Authorised Signatories, for and on behalf of the Corporation, be and are hereby authorised to execute any ancillary or supplemental documents, certificates or statements to be executed as a deed or otherwise by the Corporation (including any legal charges or mortgages securing the Corporation's obligations towards the SoS which may be required by way of condition precedent or condition subsequent under the DfE Documents) by applying (where required) the Corporation's seal and attested by two Authorised Signatories;

2.9 The Chair be authorised to arrange for all necessary matters arising in connection with the business of this meeting to be dealt with and, in particular, will attend to all relevant filings.

- Governors commended the quality of papers produced for the meeting and noted the effort and commitment of the senior team engaged in this work.

ITEM 3: ANY OTHER BUSINESS

- None.

ITEM 4: DATE OF NEXT MEETING

- The next meeting would take place on Monday, 1 April 2019, at the old Town hall, Letchworth, starting at 18.30.

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Signed – Chair of Governors

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Date

ACTION LOG

Meeting	Minute Reference	Summary of Action	Who	When
22/03/19	2.	Create a framework for reporting on financial covenants and the risk of events of default arising to the Finance Committee and Board.	Robert Dale/Paul Harte	29/03/19