

KING'S COLLEGE, CAMBRIDGE

At a meeting of the Council held in the Wine Room
On Tuesday, 2nd July, 2013 at 2pm

Present: Provost
Dr Adkins
Professor Dunn
Dr Marston
Dr Moody
Dr Musallam
The Revd Dr Morris *from Item 253*
Dr Omitowoju
Dr Zeeman

*In
Attendance:*

Vice Provost
First Bursar
Senior Tutor
Domus Bursar
Ms Fitzpatrick*

Dr Mody

Mrs Wilson for Minutes
**For Open Business only*

OPEN MATTERS

Apologies for Absence

Apologies for absence were received from Dr Flack, Professor Keverne, Dr Zeeman and Mr Abrams.

Declarations of Interest

There were no declarations of interest.

246. Minutes of Open Matters of 11th June 2013

The minutes of the Open Matters of the meeting held on 11th June 2013 were approved.

247. Action List and Matters Arising

There were no matters arising.

248. Minutes of the Catering and Entertainment Committee of 11th June 2013

Received: the Minutes of the Catering and Entertainment Committee of 11th June 2013.

249. Bedford Fund

Received: a paper from the Senior Tutor on the Bedford Fund awards for 2013.

250. Bill Owen Organ Scholars

- a. Received: a paper from the Dean inviting Council's approval for Bill Owen's request for permission to interview the organ scholars for a book on the organ scholars of King's College.
- b. Agreed: to approve the proposal.

251. Cranmer Road Rent Rebate

- a. Received: a paper from the Senior Tutor and Assistant Tutor about disruptive maintenance work in the Cranmer Road Hostel.
- b. Agreed: that the six residents of the Cranmer Road hostel most directly inconvenienced by the maintenance work should be compensated by remission of one week's rent.

252. Gardens Committee Annual Report

Received: a paper from the Garden Committee.

253. Audit Room

- a. Received: a paper from the Audit Room Working Party.
- b. Agreed: to accept the recommendations of the Working Party.

254. Boat House Redevelopment

- a. Received: a paper from the Domus Bursar.
- b. Agreed: to fund the Boathouse redevelopment project to the planning permission phase, to a sum not exceeding £45,000, provided the other three partners do likewise.
- c. Agreed: to work with the Director of Development to identify means of raising the necessary development costs through donation.

255. Michael Morpurgo “Angel Wings”

- a. A paper was received from the Dean outlining a proposal to host a concert led by Michael Morpurgo in the Chapel in December 2013 as part of the ‘Concerts at King’s’ series, and to amend the Chapel Events budget accordingly.
- b. Agreed: to support the proposal as contained in the paper.

256. College Loan

- a. Received: a paper from the First Bursar.
- b. Agreed, the following points:

Reported

- 1 In accordance with vote 203 of the Council meeting on 28th May 2013 and vote 6 of the Governing Body meeting on 25th June 2013, the First Bursar was authorised to discuss arrangements to borrow up to £15 million through the issuing of a private placement bond, and it was approved that the Investment Committee should have the power to approve the terms of such a loan and to authorise the First Bursar to act on the College’s behalf.
- 2 That the Bursar, acting on behalf of the College, has been in discussions with a number of other colleges with immediate debt requirements (the “**Participating Colleges**”). The Participating Colleges propose to aggregate their debt requirements, and raise money on the capital markets through an aggregated private placement structure (the “**Private Placement**”). The structure will involve the creation of a special purpose vehicle which will issue the Notes to institutional investors and on-lend the proceeds to the Participating Colleges.

- 3 That the Participating Colleges have informally appointed Rothschild to provide independent financial advice and Mills & Reeve LLP to provide legal advice on the proposed structure.
- 4 That Heads of Terms have been prepared and issued to a number of banks, with a view to their potential appointment as arranging banks for the Private Placement;
- 5 That following a beauty parade, Barclays Bank PLC and The Royal Bank of Scotland plc (the “**Banks**”) were chosen to act as arranging banks for the Private Placement.
- 6 That in order to proceed with documentation of the Private Placement, a commitment was required from the Participating Colleges in the form of an in principle approval of the Heads of Terms and confirmation of the amount required, such approval to be obtained before 19 July 2013.

Received

- 7 A Project Manager’s note in relation to the proposal, including an anticipated interest rate, for the Private Placement from Rothschild dated 5 June 2013;
- 8 A copy of the Heads of Terms as at 12 June 2013, incorporating comments made by the Banks, and in near final form (the “**Heads of Terms**”).
- 9 An Indicative Pricing Update from the Banks dated 6 June 2013.

Noted

- 10 That the Heads of Terms set out the proposed terms on which the Private Placement would be issued, including the following:
 - (a) The Private Placement is currently expected to be for an amount between £100m and £150m, depending on the final number of Participating Colleges and their respective debt requirements (the “**Principal Amount**”), for a term between 30 and 40 years;
 - (b) A company, Cambridge Colleges Funding Limited (“**CCFL**”) will be set up as the issuing vehicle, in order to issue notes to the institutional investors up to the Principal Amount, and to on-lend the proceeds of the notes to the Participating Colleges;
 - (c) Each Participating College will be required on confirmation of participation to acquire 1,000 ordinary shares of £1.00 each in CCFL and to make an initial contribution of £4,000 towards the cost of set-up and administration of CCFL, a total initial investment of £5,000 (see (j) below on additional contribution required);
 - (d) Each Participating College will have the right, but not the obligation, to appoint a director of CCFL. It is proposed that CCFL will initially have three directors : Paul ffolkes Davis (Bursar, Trinity Hall), Ross Reason (Bursar, Robinson College) and Jonathan Spence (Bursar, Queens’ College). It is also proposed that the three directors will lead negotiations with the Banks on behalf of CCFL;
 - (e) It is currently proposed that the administration of CCFL, including the receipt of interest from Participating Colleges and payment of interest to Noteholders, will be outsourced to a third party;
 - (f) The bond proceeds will be on-lent by CCFL to the Participating Colleges in the agreed proportions (as detailed in the Heads of Terms) and each Participating Colleges loan will be on identical terms (the “**On-Loans**”);
 - (g) The On-Loans will be standalone arrangements between CCFL and each Participating College. The Participating Colleges will not cross-guarantee each

other, and default by one Participating College will not cross-default the On-Loans of the other Participating Colleges;

- (h) The On-Loans will be unsecured but it is likely that each Participating College will be required to covenant that it will not grant security in respect of third party debt in excess of 10% of Net Assets (including pension asset/liability);
- (i) The On-Loans will contain a financial covenant that the total net debt of the College will not exceed 50% of net assets (including pension asset/liability).
- (j) The costs incurred by CCFL will be shared proportionately between the Participating Colleges;

11 Immediately on set-up of CCFL, CCFL will formally appoint:

- (i) Rothschild, as independent financial adviser;
- (ii) Mills & Reeve LLP, as legal counsel;
- (iii) Barclays Bank PLC and the Royal Bank of Scotland plc, as arranging banks.

12 That the Banks view on indicative pricing was that interest rate would be in the region of 4.07 – 4.17% (30 years) or 4.17 – 4.27% (40 years).

Resolved

- 13 Following extensive consideration of the Heads of Terms, to provide “in principle” approval of the Heads of Terms and of the College’s continued participation in the Private Placement.
- 14 To authorise the Bursar to confirm to CCFL that the College commits to borrowing the sum of £15,000,000, on the basis that the interest rate does not exceed 4.5%, the term is not less than 30 years and in all other respects the terms of the On-Loan do not materially differ from those set out in the Heads of Terms.
- 15 To approve the acquisition of 1,000 shares of £1.00 each in CCFL and the contribution of £4,000 towards initial costs of CCFL;
- 16 To delegate to the Bursar authority to continue negotiation of the documentation required to give effect to the Heads of Terms, with the intention that final form documents will be presented to the Investment Committee for final approval and reported to Council;
- 17 To approve the appointment of Paul ffolkes Davis, Ross Reason and Jonathan Spence as initial directors of CCFL, with a remit to lead in negotiations of the legal documents on behalf of CCFL, such documentation to include the model note agreement (setting out the terms on which the notes will be issued to the noteholders), the Information Memorandum and articles of association and shareholders agreement of CCFL (setting out the terms on which CCFL will operate);
- 18 To delegate to the Bursar authority to provide to CCFL such information relating to the College and to execute any related certificates or confirmations in relation to such information as CCFL requires to prepare an Information Memorandum to supply to potential investors and/or to prepare a form of Investor Presentation prior to a roadshow of potential investors in [September],
- 19 To delegate to the Bursar authority to counter-sign any mandate or appointment of any professional adviser to CCFL;
- 20 To authorise the Bursar to amend the terms of the existing loan facility with Barclays / RBS in order to enable this transaction to proceed, and to execute any amendment agreement on behalf of the College;

- 21 To delegate to the Bursar authority to execute a commitment letter in relation to the College's participation in the Private Placement, any application for shares in CCFL and any shareholder agreement relating to the College's shareholding in CCFL;
- 22 To delegate to the Bursar authority to do such other things, including the execution of documents, certificates and notices, and to provide such further information to CCFL and/or to the Banks as is necessary or desirable in order to give effect to the Heads of Terms.

257. Kitchen Fixed Charges

- a. Received: a paper from the First Bursar.
- b. Agreed:
 - i. that the Kitchen Fixed Charge for students living in College accommodation should be £124.28 per term for undergraduates and first year graduate students, and £62.14 per term for 2nd and higher year graduate students.
 - ii. that the Kitchen Fixed Charge should be increased in line with the Consumer Prices Index in future years and reviewed by Council when it considers student rents.

258. Gertrude Kingston Fund

- a. Received: a paper from the First Bursar.
- b. Agreed: to make a guarantee against loss of £500 for the production of *Volpone* at Michaelhouse.

259. Request to display a car

- a. Received: a paper from the First Bursar.
- b. Agreed: to allow a Formula 1 car to be displayed within the College grounds on Tuesday 16th July subject to the agreement of the Domus Bursar, Head Porter and Head Gardener.

260. Future of KCA

- a. Received: a paper from the Vice Provost, Dr Adkins and the Development Director.
- b. Agreed: to inform the KCA Committee that the College Council suggests that, rather than dissolving itself, the KCA should evolve to become an open Association free to all Non Resident Members who would automatically become members on graduating from the College'.

260 Any Other Business

(a)

There was no other business.