



**ONGO HOMES LTD
BOARD MEETING**

FCA Mutuals Registration No 7639

**Held at 3.30pm on Tuesday 7 May 2019
Hemswell Court Hotel, Lancaster Green, Hemswell Cliff**

MINUTES

Attendance Board: Matthew Spittles, Liz Cook (by phone), Melvin Kenyon (by phone), Rupert Pometsey (by phone), Tim Mills (by phone)

Staff: Ashley Harrison, Jo Sugden, Fiona Ruddick (Minutes)

Apologies: Helen Lennon

Guest: Daniel Milnes (Forbes Solicitors)

Quorum and notice

The Chair reported that a quorum was present and that due notice of the meeting had been properly given to all members of the board of the Association.

Business of the meeting

The Chair reported that the Association had entered into a facility agreement with (1) Barclays Bank PLC in its capacity as Arranger, Facility Agent and Overdraft Bank, (2) Barclays Bank UK PLC as Original Lender (**Barclays UK**) and (3) Prudential Trustee Company Limited as Security Trustee (the **Security Trustee**) on 26 February 2007 as amended and restated on 23 February 2018, pursuant to which Barclays had agreed to make available to the Association loan facilities of up to £90,000,000 (the **Facility Agreement**).

Further to a board meeting held on 28 March 2019, at which the board considered and approved the indicative terms provided by Barclays under cover of a letter to the Association dated 11 March 2019 (**Agreed Indicative Terms**), the Chair reported that the purpose of the meeting was to consider, and if thought fit, authorise the Association to enter into a second amendment and restatement agreement with Barclays UK, Barclays Bank PLC (in various capacities) and the Security Trustee pursuant to which the Facility Agreement would be further amended and restated.

Declarations of interest

No conflicts of interest were disclosed to the meeting.

Documents

The Chair produced to the meeting the following documents:

- a draft of the restatement agreement to be entered into by (1) the Association (2) Barclays Bank PLC (in its capacity as Arranger, Lender, Facility Agent and Overdraft Bank) (3) Barclays Bank UK PLC as Original Lender and (4) the Security Trustee (the **Amendment and Restatement Agreement**) pursuant to which the Facility Agreement would be further amended and restated to document the revised terms agree between the parties (the Facility Agreement as amended and restated being the **Restated Facility Agreement**);
- a draft of the Restated Facility Agreement to be appended to the Amendment and Restatement Agreement;
- a draft of the arrangement fee letter to be signed on behalf of the Association and Barclays in its capacity as Arranger; and
- a draft Officer's Certificate to be provided by an authorised signatory of the Association as a condition precedent to the Amendment and Restatement Agreement,

together the **Draft New Finance Documents**;

The terms as defined in the Draft New Finance Documents shall have the same meaning in this section of the minutes.

Discussions

The documents had been shared with the Board. David Rider (from Ongo's firm of Treasury Advisers) had explained to Ashley Harrison that Barclays are bringing their standard wording to new documents and this related to the calculation around breakage costs. The bank will not change the wording in the document about a break event. The board wondered if they were signing up to something that had a risk to it. Daniel Milnes explained this is a mechanical amendment from the bank's lawyers.

Liz Cook reminded the board that at the last meeting one of the things discussed was the need to get the funding now. Ashley Harrison pointed out that as Ongo Homes was rated G3 by the Regulator of Social Housing, there was not the option to get funding elsewhere.

The circumstances that Ongo Homes might break the agreement would be if it was updated to G1 or G2 and decided to go back out to market for new funding. The breakage costs would then be factored into the decision as to whether to move to a new deal.

It was raised as a point for future reference that it would have been useful to have a covering report with the documents provided for this meeting.

Consideration of the Draft New Finance Documents

It was noted that the Draft New Finance Documents include certain terms and conditions precedent. The board confirmed its full understanding of the effect and implications for the Association of entering into the Draft New Finance Documents, including those terms providing for: an extension to the final repayment date of a revolving credit facility of £30,000,000; an additional revolving credit facility of £15,000,000; increased costs of borrowing; the arrangement fees in the total amount of £75,000; negative pledges; covenants relating to the financial status of the Association and the consequences of any default or break in relation to the terms of the agreement. It was noted that Barclays Bank PLC will be the lender in relation to

the additional tranche C revolving credit facility, whereas Barclays UK remains the lender in relation to the other facilities.

Following due and careful consideration of the Draft New Finance Documents and the transactions contemplated by them, in conjunction with the Agreed indicative Terms, together with legal advice from Forbes Solicitors the board concluded that the Draft New Finance Documents having been negotiated to a form which is materially the same as set out in the Agreed Indicative Terms and which is appropriate for the Association to enter into (the **New Finance Documents**), that the entry by the Association into the New Finance Documents and the transactions contemplated by the New Finance Documents would promote the furtherance of the Association's community benefit and charitable objects and would not contravene any provision of the Association's rules or any agreement or any obligations binding on the Association. In addition, having taking account of the Association's financial information, the board formed that view that after the execution of the New Finance Documents, the Association it will be able to continue to pay its debts as they fall due.

Resolutions

Accordingly, the board **RESOLVED** the following:

- that the terms of, and the transactions contemplated by, the Draft New Finance Documents be approved as appropriate for the Association to enter into; that, any one of:
 - Matthew Spittles (Chair);
 - Timothy Mills (Board Member);
 - Ashley Harrison (Director of Resources and Commercial Services);
 - Stephen Hepworth (Chief Executive);
 - Johanna Sugden (Director of Corporate and Compliance Services and Company Secretary);
 - Peter Stones (Director of Property),(each an **Authorised Person** and together the **Authorised Persons**) be authorised to execute each New Finance Document for and on behalf of the Association, such authority to include agreeing such amendments to any one or more of the New Finance Documents as the relevant Authorised Person shall in their absolute discretion approve where such amendments do not materially affect the substantive terms of the New Finance Documents to the detriment of the Association;
- that any one of the Authorised Persons be authorised to affix the Association's seal to any of the New Finance Documents that are to be executed by the Association under seal, such authority to include agreeing amendments to any one or more of the New Finance Documents where such amendments do not materially affect the substantive terms of the New Finance Documents to the detriment of the Association; and
- that any one of the Authorised Persons be authorised on behalf of the Association to sign and/or despatch all documents and notices to be signed and/or despatched by it under, or in connection with, the New Finance Documents to which the Association is a party and the other Finance Documents generally.

With no further business the meeting closed at 4.01pm

Signed by Chair:

Date: