

# Minutes

<b>Meeting title:</b>	Council	
<b>Date:</b>	Wednesday 18 January 2017 (adjourned) Thursday 19 January 2017 (reconvened)	<b>Time</b> 12.30pm
<b>Location:</b>	The Cedar Suite, Careys Manor Hotel, Brockenhurst, Hampshire	
<b>Present:</b>	Dr G Rider ( <i>Chair</i> ); Ms F Barnes, Professor C Grant, Mr P Greenish, Mr G Hobbs, Mr P Hollins, Mr A Hovden, Ms S Kumar ( <i>18 Jan meeting only</i> ), Dr B Lwaleed, Professor M Niranjana, Mr T O'Brien, Dr D Price, Dr R Rivaz Hons DSc, Mr A Reyes-Hughes, Professor P Reed, Mr W Shannon, Professor Sir C Snowden and Professor J Vickers.	
<b>In attendance:</b>	Mr L Abraham (Clerk to the University Council), Mr I Dunn (Chief Operating Officer), Ms J Fielder (Assistant Director of Finance) ( <i>19 Jan only</i> ), Ms B Halliday (Director of Legal Services) ( <i>19 Jan only</i> ), Mr K Monaghan (Director of Estates & Facilities) ( <i>18 Jan only</i> ), Professor A Neill (Vice President – Education), Ms S Pook (Director of Finance), Professor M Spearing (Vice President – Research & Enterprise)	
<b>Apologies:</b>	Mr G Berruyer	

## 35 Minutes

**RESOLVED** That the minutes of the meeting held on Wednesday 30 November 2016 be agreed as a correct record and signed subject to the following amendment:

Minute 20, paragraph 4 to read *“It was noted that the EIB was the cheapest form of finance but would only lend up to 50% of the amount required. Interest would need to be paid, and capital amortised, over the full term of any loan. The EIB was inundated with applications and projects would be scrutinised deeply. Any loan would come with covenants which may restrict the University in the long term.”*

**ACTION: Clerk to Council**

## 36 Actions and Matters Arising

**RESOLVED** that

(i) a report on Fee Capping Options be considered at the March 2017 meeting; and

**ACTION: Director of Finance**

(ii) an update report on Staff Mental Health be considered at the May 2017 meeting.

**ACTION: Director of Health & Safety**

**37 Declarations of Interest**

There were no declarations.

**38 Publication of unrestricted papers**

**RESOLVED** That the papers circulated that were not deemed “Commercial in Confidence” or Restricted be published on the open access SUSSED site.

**ACTION: Clerk to the University Council**

**39 President and Vice Chancellor’s Report**

The President & Vice Chancellor presented his report to Council highlighting the following:

- The Autumn Statement
- Higher Education Bill
- EU Research Students starting in 2017/18
- Select Committee Report – Brexit and Science

**RESOLVED** that the report be noted.

**40 10 Year Plan – Fundraising**

Chair of Council reminded members that as part of the Council Strategic Awayday, which would follow the Council meeting, this matter would be discussed in detail and it was proposed that consideration of this item be postponed until the reconvened Council meeting at the conclusion of the awayday.

**41 International Strategy**

Chair of Council reminded members that as part of the Council Strategic Awayday, which would follow the Council meeting, this matter would be discussed in detail and it was proposed that consideration of this item be postponed until the reconvened Council meeting at the conclusion of the awayday.

**42 Nominations Committee Matters**

Council received an update from the Chair on matters discussed at the Nominations Committee that had been held earlier in the day.

It was noted that the Committee proposed a new candidate for lay membership of Council. Dr Alison Vincent, currently Chief Technology Officer for CISCO, had met with the Chair, Vice Chair, Treasurer and President & Vice Chancellor and it was clear that her skills and experience would be an asset for the University Council.

Council also noted that the Committee had amended the terms of reference of the Finance Committee to add a further lay member to the membership and also allow the Committee to co-opt persons as it saw fit.

**RESOLVED** that Dr Alison Vincent be appointed as Class 2 lay member of Council from 1 August 2017 until 31 July 2020.

#### **43 South Gower – New Teaching and Learning Building**

Council considered a report by the Director of Estates and Facilities which requested approval to expend additional cost on the design development and site establishment of the South Gower Teaching and Learning Building Project.

Council noted that current authorized expenditure was £6,173,363 inc. VAT to progress the project design, planning applications, surveys and Enabling Works including Demolition of Building 58A. An increase of £1,925,390 to £8,098,753 was requested to progress the project to readiness to Start of Construction in April 2017.

**RESOLVED** That the increase in current authorized expenditure (increase of £1,925,390 to £8,098,753), to maintain programme with the Design Development and Site Establishment works be approved.

#### **44 Management Accounts – November 2016**

Council received a report by the Director of Finance which presented the management accounts for financial year 2016/17 as at November 2016. At that stage in the year, the focus was on variances between actual results and the year to date budget, as well as reporting on research grant applications and awards together with cash flow.

**RESOLVED** that the report be noted.

#### **45 Report from the President of the Students' Union**

Council received a report from the President of the Students' Union which outlined current activity, including:

- Current student consultations on semester breaks
- The ongoing Governance Review
- Forthcoming work on the Union's financial sustainability

**RESOLVED** that the report be noted.

#### **46 Sealing of Documents**

Council received and noted a report detailing the documents sealed since the last report to Council.

#### **RESTRICTED MATTERS**

#### **47 Restricted Human Resources Matter – Head of Academic Unit**

Council considered restricted reports from the President & Vice Chancellor that outlined a proposed appointment of an academic unit.

**RESOLVED** that the report be approved.

#### **48 Restricted Human Resources Matter – Proposal for Redundancies**

Council considered a restricted report from the Dean of the Faculty of Social, Human and Mathematical Sciences which set out proposals for redundancies.

**RESOLVED** that the report be approved.

#### **The meeting adjourned at 1.25pm**

**Council reconvened at 12noon on Thursday 19 January 2017** in the Cedar Suite of Careys Manor, Brockenhurst. (In addition to previously submitted apologies, Ms S Kumar was not present for the reconvened meeting).

#### **49 10 Year Plan – Fundraising**

Following the conclusion of the awayday, Council returned to the agenda item 10 Year Plan – Fundraising.

By way of background, the Council received and considered a report by the Assistant Director of Finance (Business Support) at its meeting held on 30 November 2016, which provided an update on the current phase of the 10 Year Plan project and a representative from NM Rothschild & Sons Limited (in its capacity as financial adviser to the University) outlined the main funding options including a potential public bond issue (the “Bond Issue”). Council resolved at that meeting that the University should produce a 5 Year Financial Forecast and proceed with the process to obtain a credit rating as an initial step towards a potential public bond issue.

The credit rating process has been started with Moody’s, although no indicative rating has yet been provided and is not expected until March.

Council thanked the Executive and Finance teams for their work in presenting and explaining the proposals during the awayday. It was noted that the risks that had been identified during the strategic session would be assessed and included within the final documentation.

Council received a further report from the Director of Finance updating Council on the process by which the University would raise funds in order to invest in key elements of the 10 Year Plan together with a supplementary report and a paper which set out amendments to Appendix 2 “Assumptions” and Appendix 3 “Risks” of the previously circulated report.

In particular, Council was asked

- 49.1 to approve the 5 Year Forecast ahead of submission to Moody’s as part of the credit rating process;
- 49.2 to consider and approve in principle the proposal that the University issues public bonds, the details of which are set out below;
- 49.3 to constitute a Bonds Sub-Committee to progress the proposed transaction;
- 49.4 to delegate authority to the Bonds Sub-Committee, as outlined in minute 49.21-23 below;
- 49.5 to approve the submission to HEFCE of the 5 Year Forecast in order to gain their approval for borrowing.

It was noted and resolved by the Council that on approval of the proposal, all information relating to the issue of bonds must be kept confidential until the launch has taken place.

## The Proposal

49.6 The proposal was that the University issue public bonds (the 'Bonds') on the terms set out in the summary below:

Principal amount:	up to and including £350 million, the upper level would only be obtained if the university refinanced its existing loan
Maturity:	between 25 and 50 years
Denomination:	a minimum of £100,000 and higher integral multiples of £1,000 up to and including £199,000
Interest:	not more than 4% per annum payable semi-annually in arrears
Listing / Trading:	admitted to the Official List of the UK Listing Authority ("UKLA") and to trading on the London Stock Exchange plc's regulated market
Rating:	to be provided by Moody's Investors Services Limited, provided that the credit rating is Aa3 or better, noting that a rating of Aa3 will only be acceptable if Moody's rated UK Universities as a group are downgraded. In the event that the University is likely to receive an Aa3 rating, with no sector change, the University would convene a Special Meeting of Council
Joint Lead Managers:	TBC
Trustee:	TBC
Paying agent:	TBC

## Documents Produced

49.7 The following documents were produced to the meeting :

49.7.1 A report from the Director of Finance, containing a recommendation as to the Bond Issue, being the preferred option for raising funds in order to move forward with the 10 Year Plan;

49.7.2 A report from Clifford Chance on the process for issuing a Bond, including liability for issuing a prospectus and ongoing obligations of the University on completion of the Bond Issue;

49.7.3 A copy of the report in relation to the proposed Bond Issue from the Assistant Director of Finance and the presentation on Debt Funding Considerations given by NM Rothschild & Sons Limited (in its capacity as financial adviser to the University in relation to the Bond Issue), first presented to Council in November;

49.7.4 Details of the Directors and Officers Liability Policy and the Commercial Crime Protection Policy.

The documents in paragraphs 49.7.1 to 49.7.4 comprise the "Bond Issue Reports".

## Required Documents

49.8 It was noted that the following documents would be produced in order to document the Bond Issue:

49.8.1 a prospectus in preliminary form to be dated on or around the first quarter of 2017, the final version of which will be filed with UKLA and the London Stock Exchange plc and which will be published by the University for the purpose of the Bond Issue (the "Prospectus");

49.8.2 a subscription agreement relating to the Bonds (the "Subscription Agreement") which will be dated on or around the signing date of the Bond Issue and entered into between the University

and the Joint Lead Managers of the Bond Issue (the “Joint Lead Managers”) and pursuant to which the Joint Lead Managers will undertake to the University that they will subscribe for the Bonds (on the closing date of the Bond Issue (the “Closing Date”);

49.8.3 a trust deed relating to the Bonds which will be dated on or around the Closing Date and entered into between the University and the bond trustee (the “Trustee”) pursuant to which the Trustee will act as trustee of the interests of those persons who own the Bonds from time to time (the “Trust Deed”);

49.8.4 a paying agency agreement relating to the Bonds which will be dated on or around the Closing Date and entered into between the University, the Trustee and the bank appointed as principal paying agent (the “Principal Paying Agent”) pursuant to which the Principal Paying Agent would act as principal paying agent relating to the Bonds (the “Paying Agency Agreement”);

49.8.5 an International Central Securities Deposit Agreement to be dated on or around the Closing Date and entered into between Euroclear Bank S.A./N.V. and Clearstream Banking S.A. (the “ICSDs”) and the University relating to certain matters regarding the eligibility for settlement of the Bonds with the ICSDs in new global note form (the “Issuer/ICSD Agreement”); and

49.8.6 a Signing and Closing Agenda which will contain the forms of closing certificate and various instruction letters to be given by the University (the “Signing and Closing Agenda”). The documents in paragraphs 49.8.1 to 49.8.6 comprise the “Bond Issue Documents”.

The Council noted the following:

49.9 that the meeting had been properly and duly convened and a quorum was present;

49.10 that no Member of the Council at the meeting had, directly or indirectly, any interest in the transactions contemplated by the documents referred to above which she or he was required by the Charter, Statutes, Ordinances or Regulations of the University or by legislation or otherwise to disclose or was for any reason disqualified from voting at the meeting or forming part of the quorum;

49.11 that, if the launch of the Bond Issue was approved, that:

49.11.1 the University would be committing itself to a long term obligation to pay a fixed rate of interest to the holders of the Bonds;

49.11.2 the Bonds would fall due for repayment on the stated maturity date and therefore the University would need to make arrangements for the repayment of the Bonds on such date;

49.11.3 the ability to repay or refinance the Bonds prior to their stated maturity might be restricted in the future; and

49.11.4 the Prospectus will state that the net proceeds of the Bond Issue will be used by the University for general corporate purposes;

49.12 that the Bond Issue Documents have not yet been drafted, and will need to be finalised and approved by the University;

49.13 that a decision would need to be made on the final pricing, interest coupon, interest payment dates and maturity date of the Bond on the pricing date of the Bond Issue;

49.14 that the on-going administration of the Bond would require notices and certificates to be provided and/or decisions made, sometimes at short notice;

49.15 that the Prospectus had not yet been prepared or submitted to the UKLA for its comments.

On submission, further amendments might be required by the UKLA;

49.16 that an investor presentation will be prepared by the Joint Lead Managers, based on the contents of the Prospectus, and will be made available to prospective investors on launch of the Bond Issue (the "Investor Presentation").

RESOLVED that

49.17 After full and careful consideration of the Bond Issue Reports and the nature and scale of the liability to be undertaken pursuant to the Bond Issue and the commercial and financial consequences, direct and indirect, of the launch of the Bond Issue, being in the best interests of the University, the Council approved, in principle, the Bond Issue, as a significant borrowing of the University.

49.18 The Council also approved the 5 Year Forecast ahead of submission to Moody's as part of the credit rating process and its submission to HEFCE in order to gain HEFCE's approval of the borrowing;

49.19 In order to progress the Bond Issue within the proposed timetable of a mid-March 2017 launch, and to facilitate certain ongoing administrative matters in relation to the Bond Issue, the Council resolved to create a sub-committee to be called the "Bond Sub-Committee", comprising the President and Vice-Chancellor, the Chief Operating Officer, the Executive Director of Finance, the Assistant Director of Finance (Business Support) and the Director of Legal Services. The Chair of the Bond Sub-Committee will be the President and Vice-Chancellor.

49.20 The terms of reference of the Bond Sub-Committee were produced to the meeting. The Council discussed the membership of the Bond Sub-Committee, and noted that it contained no lay members. However, it was noted that the purpose of the Bond Sub-Committee was to progress the Bond Issue (approved in principle as a significant borrowing at 49.17 above), and that it would be necessary to meet and take decisions on short notice. The Council also noted that the Chair and Vice-Chair of Council were both entitled to attend all Council committees and sub-committees and would be notified of the date and time of any formal meetings of the Bond Sub-Committee. The Council resolved to approve the terms of reference of the Bond Sub-Committee, and to approve the proposed membership of such committee.

49.21 The Council resolved to delegate all necessary powers to the Bond Sub-Committee (with power to sub-delegate) to enable it to :

49.21.1 appoint the Joint Lead Managers, the Bond Trustee and the Paying Agent, following a competitive process;

49.21.2 prepare and finalise the Prospectus and the Investor Presentation, and to oversee all necessary verification of the contents of the Prospectus;

49.21.3 subject to 49.22 below, approve and publish the Prospectus (both in its preliminary form and subsequently in its final form) and to approve the Investor Presentation and make it available to prospective investors;

- 49.21.4 negotiate and finalise the Bond Issue Documents and any other documents required in connection with the Bond Issue (including those required by the University's auditors or by Moody's), and approve such documents on behalf of the University;
- 49.21.5 provide answers on behalf of the University to due diligence questions put by the Joint Lead Managers;
- 49.21.6 make the final decisions on the principal amount, pricing, interest coupon, interest payment dates and maturity date of the Bonds within the mandate provided by Council and set out at 49.6 above;
- 49.21.7 authorise the execution of the Bond Issue Documents and any other documents required in connection with the Bond Issue on behalf of the University, acting through any of its members, or in the case of the Trust Deed, in accordance with the authorisation of Council at 49.22 below;
- 49.21.8 take responsibility for and give effect to all acts and things necessary or desirable in connection with the Bond Issue (including but not limited to the appointment of any additional managers); and
- 49.21.9 issue and administer the Bonds, and give instructions to the Bond Trustee and the Paying Agent in accordance with the requirements of the Bond Issue Documents.

49.22 The Council noted that the Trust Deed would need to be executed as a deed and to have the Common Seal of the University attached. The Council authorised the Common Seal of the University to be attached to the Trust Deed (once finalised and approved by the Bond Sub-Committee) in the presence of the President and Vice-Chancellor and either the Chief Operating Officer or the Director of Legal Services.

#### Further Approval

49.23 The Council will consider and approve the Prospectus by the means set out below:

- 49.23.1 A copy of the draft prospectus will be provided to the Finance Committee on 17 February 2017 for consideration by them at their meeting on 22 February 2017.
- 49.23.2 A copy of the draft prospectus will also be provided to all Members of Council for consideration on 17 February 2017.
- 49.23.3 Finance Committee and Members of Council may provide comments to the Bond Sub-Committee no later than 24 February 2017, the date on which comments are expected from the UK Listing Authority.
- 49.23.4 The revised draft prospectus will be circulated to all Members of Council on 2 March 2017 and further comments may be provided by no later than 4pm on 7 March 2017.
- 49.23.5 A Special Meeting of Council shall be convened by the Chair of Council and held electronically on 9 March 2017 to approve the prospectus.



## 50 **International Strategy**

Following the conclusion of the Strategic Awayday, Council returned to the Council agenda item concerning the International Strategy. The report presented the new University International Strategy (Part One) and Support Structures proposal (Part Two), and approach to develop a plan for the delivery of the International Strategy (Part Three).

It was noted that the University needed to accelerate its internationalisation agenda and the new strategy supported this and sought to align the international activities, address compliance issues, put in place strong leadership and produce quality results. The strategy would be implemented with no additional resources and had received full backing from the University Executive Board.

Council agreed to the strategic intent to accelerate our international activities through the 4 focus areas as discussed at the awayday and asked the executive to take the strategy as outlined in the paper into the business planning process. Council asked the Vice President International to come back to Council with a Business Plan and Communications approach (including the elevator speech). This would be done at the March 2017 meeting to provide context for a later USMC decision.

**RESOLVED** that a further report on the International Strategy Business Plan and Communications be presented to the March 2017 meeting.

**The meeting concluded at 12.31pm**