

MILTON KEYNES DEVELOPMENT PARTNERSHIP (“MKDP”)

**Extract from Minutes of Board Meeting dated 29th July 2019 at 10:00 am
Held in MK College, Bouverie House, 200 Silbury Blvd, CMK, MK9 1LT**

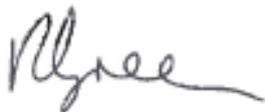
Item	
1	Declarations of Interest:
	No new declarations of interest were declared
2	Previous Minutes
	<p>Matters Arising: Amendment to Item 6.2: ‘It was requested that the minutes record that MKDP Board find it difficult to make informed decisions on investment propositions’ opposed to unable to.</p> <p>Subject to the above the minutes of the 17th June 2019 were APPROVED.</p>
3	Matters Arising Log
	<p>Item 21: MK Bus Shelter Charity: MKC are required to make a decision on relocation of The Bus Shelter by the end of October to avoid conflict with development of Campbell Park Northside. The Chair was asked to write to MKC. The Chair advised he would bring this matter up at the Quarterly Review meeting on the 5th August.</p>
4	Subcommittee Minutes
4.1	<p>Property and Projects Subcommittee 12.07.2019: The Board noted the contents of the PPSC Minutes and were provided updates as follows:</p> <p>R:CMK: The brief has been amended and the executive has negotiated a 25% fee reduction MKC have agreed – verbally MKC have agreed to share the costs 50/50. The Board were informed that the timeframe for the work on the expanded brief is around 4 months.</p> <p>Tickford Fields Farm: The Board noted that MKC’s ownership and control over housing may cause concerns in the market setting a precedent on future competition.</p> <p>Winter Wonderland: The Board were updated on the status of the proposed event at the Bowl following MKDP’s decision to decline the proposal. An alternative option would be for the Business Improvement District (BID) to front a reduced Winterland event on Station Square. Contact details have been shared and a meeting arranged. The Board were informed that Managing Agents of the Bowl are not technically in breach of their lease arrangements as the agreement had not been executed.</p> <p>Kents Hill: The Board were advised that the Heads of Terms for the new hospital scheme would be brought to the next Board meeting.</p> <p>Fleecehold in Milton Keynes: Residents have raised concern regarding management arrangements and fees to contractors for the maintenance of public open space. The Parks Trust have indicated their desire to adopt public space. It was suggested that a review of sites in transition/pipe line would be necessary and recommended that it be discussed at the quarterly review meeting on the 5th August. The definition of public open space, and the</p>

	<p>finance implications to be determined. It was also suggested that MKDP write to the cabinet member for planning to outline concerns.</p>
4.2	<p>Investment and Development Subcommittee 12.07.2019: The Board noted the contents of the IDSC minutes.</p> <p>The Board were updated that the proposed lease for Pinder House had been received, and that bids are expected by 31.07.2019. Board noted that any bid in excess of the agreed level is to be referred back to PPSC. Future use to continue as office under a 15 year lease, which in turn will provide a source of income for MKDP.</p>
4.3	<p>Finance, Audit and Governance Subcommittee 12.07.2019: The Board noted the minutes of FAGSC.</p> <p>Governance: The Board noted the resignation of the Consulting Secretary despite this, MKDP is not in default and continues to operate within legal parameters. A refresh of procedures and regulations to be undertaken when the new CFO is in post.</p> <p>Finance: MKDP is due a refund from HMRC in respect of overpaid VAT for 2018/19, arising from a miscalculation of the partial exemption calculation. It was also noted that a review was being undertaken of previous years in order to identify that no similar errors had taken place.</p> <p>Recruitment: The Board were updated on the appointment of the Chief Financial Officer, who is due to start at the end of October, the point at which his notice period ends. The new CFO is anticipated to start picking up MKDP workload prior to the end of his 3 month notice period under non-disclosure/ confidentiality agreements.</p>
5	<p>Update on MKC Loan Agreements - Late Paper</p> <p>Advice received by MKC, from the Treasury and Legal advisers, outlines that MKDP are to pay historic interest on the outstanding debt from inception date due to a misunderstanding of the application of State Aid Rules. It has been concluded that the loan can be classified as a secured loan.</p> <p>The Board were informed that MKC must charge interest at the appropriate rate in order to be State Aid compliant.</p> <p>Board were asked to note that the interest rate and cost for the historic secured loan is based on an agreement being concluded swiftly, together with the instigation of a new loan, which would be documented in full, and secured. A suggested timeframe was 2 weeks.</p> <p>With regard to new loan arrangements any future loan would be provided on a fixed interest rate with interest being paid annually. The principal would need to be repaid at the maturity date. It was AGREED that it would be possible to set up differing loan tranches with differing rates of interest, if that would help with the flexibility of the repayment structure, and depending on MKDP's cash flow requirements.</p> <p>A possible conflict of interest was brought to the attention of the Chair by the Cabinet member for Finance. Board Members were asked if they would be</p>

	<p>uncomfortable with him remaining in the room whilst this matter was discussed. The Board confirmed that he could remain for the discussion but not take part in any decision making.</p> <p>The following comments were made by the Board:</p> <ul style="list-style-type: none"> • MKDP's compliance with State Aid factors was questioned. The legal advice received confirms that MKDP do qualify for State Aid. It was not clear if this legal advice had been shared; the Board requested the legal note to be circulated, • Both teams of auditors should have picked up this position within both MKC's and MKDP's accounts. It was recommended by the Interim CFO that a very carefully worded note is applied to the statutory accounts for both entities explaining the prior year adjustment. • The Chair of Finance, Audit & Governance suggested a meeting with MKDP Auditors, E&Y would be appropriate. • It was confirmed that the payments scheduled to MKC within the Business Plan would be used to mitigate the historic loan interest <p>Due to the complexity of discussions and restraints on time, the Chair recommended that the Board reconvene after the meeting to discuss further.</p>
6	Property Matters
6.1	<p>Santander - Heads of Terms</p> <p>The Board APPROVED the Heads of Terms and disposal of land to Santander; the Board APPROVED the temporary letting of car parking spaces to Santander.</p>
6.2	<p>MK Bowl - MK Dons:</p> <p>The revised Heads of Terms incorporate rights of pre-emptions and other protections that provide MKDP a sound basis on which to pursue the initiative while also providing an opportunity to promote retained land for development. MKDP is assisting MKC in its aspirations to promote:</p> <ul style="list-style-type: none"> • MKC's Sport and Active Communities Strategy • Assist MK Dons and their requirement for a permanent training facility • Support MK as European City of Sport in 2020 • Support MK in hosting for the UEFA Women's Euro Football tournament in 2021. <p>The Board APPROVED the Heads of Terms and transfer of land to MK Dons subject to any material changes being reported to PPSC and approve by Board.</p> <p>The Board requested a statement from MKC to support the decision to dispose the freehold and provide guidance on what it would expect to see going forwards on MKDP sites?</p>
6.3	<p>Bouverie Square – Restrictive Covenants:</p> <p>Board APPROVED the preparation of draft proceedings to invite mediation in an attempt to address the breach and limit the cost exposure (for both parties).</p>
6.4	<p>CBX Service Road:</p> <p>The Board APPROVED the Heads of Terms for a short term lease to the purchasers of the hotel site to enable use of MKDP land on the CBX Service</p>

	road and C3.3S.
6.5	<p>Hotel La Tour: Since securing planning consent for the scheme previously shared with Board, HLT have been looking in more detail at the building's function, design and the viability of the scheme. Additional costs have resulted from the outcomes of stakeholder consultation and higher than expected tender returns. Accordingly the scheme has had to be refined and redesigned from that approved by Board to remain within budget. The footprint and height have been reduced; the spa has been deemed not viable and the curved roof has been removed.</p> <p>In order to proceed, HLT are seeking to submit a new planning application capturing these changes. Consultation on the changes with the Town Council has been undertaken.</p> <p>The Board SUPPORTED the revised scheme and reaffirmed the delegated approval to the Chief Executive to approve the amended scheme plans prior to submissions to MKC Planning.</p>
7	AOB
	No matters arising.
8	Confidential Board Member Item:
8.1	<p>Meetings of Nominations and Remuneration Sub Committee: BC updated the Board on the recent meetings of the Nominations & Remunerations Sub Committee: The Board APPROVED the recommendations of the committee in respect of pay awards.</p> <p>The Board also noted the progress in respect of the appointment of the Finance Director and the discussions in respect of a future PRP."</p>

Confirmed as a true extract from the Minutes of the meeting of the Board held on 29th July 2019 and published in accordance with the Freedom of Information Act 2000.



.....
Chairman