

## Report – Finance Committee

### Report of Urgent Action Taken: Private Placement Borrowing – 2nd Tranche

*To be presented on Thursday, 22<sup>nd</sup> July 2021*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

#### **SUMMARY OF ACTION TAKEN**

1. At its meeting on 13 December 2018, the Finance Committee considered a report on Major Project Financing. This report outlined the City Corporation's ambitious major projects programme over the next ten years and looked at the financing options. The report also sought to amend the 2018/19 Treasury Management Strategy Statement to allow the City Corporation (City's Cash) to borrow before the end of this financial year. The amendment to the 2018/19 Treasury Management Strategy was approved by the Court of Common Council on 10 January 2019.
2. Following this, at its January 2019 meeting, the Finance Committee considered a report which outlined the borrowing arrangements being put into place to allow the City Corporation to finance this major projects programme, specifically proposing the taking out of a bank loan facility (bridging facility) for City's Cash towards the end of the financial year and to seek private placement in the early part of 2019/20. In this context, the City Corporation intended to seek a short-term bank loan facility for between £100m-£125m to cover a period up to 31 December 2020 and, thereafter, arrange a private placement of circa £250m early in the next financial year to take effect when the bank loan facility ended.
3. The Court of Common Council agreed, inter alia, that in order to progress both the bridging facility and the Private Placement, all powers and discretions should be delegated to the Chamberlain (subject to an agreed consultation mechanism with the Chairman and Deputy Chairman of Finance Committee) as may be necessary for the authorisation of all acts, matters or documents in connection with the proposed £100m-£125m short term facility (the bridging facility) with a bank and the proposed private placement of up to £250m debt securities.
4. The bridging facility of £125m was drawn down at the end of March 2019 and in the following months, officers engaged in the detailed work (including the governance of the City Corporation, the potential use of the funds, details of City's Cash asset bases etc.) for the Private Placement offering with the City's adviser, and the joint agents along with its external solicitors.
5. Presentations to potential investors were made at the Mansion House on 28 June 2019 and following a further period of due diligence by potential investors, bids

were received on 15 July 2019 and terms (e.g. tenure, drawdown date etc) were agreed in 16 July 2019.

6. The City (with the consent of the Court of Common Council) issued debt totalling £450m with £250m being drawdown in September 2019 and £200m being deferred for two years (and drawn down in July 2021) over a range of tenures. This latter debt is outside of the Green and Sustainable Financing Framework for City's Cash.
7. At that time all powers, authorities and discretions of the Court which were already delegated to the Chamberlain were to be further delegated to the Deputy Chamberlain, as was necessary for the authorisation of all acts, matters or documents in connection with the private placement. In particular either of the Chamberlain (Peter Kane) or Deputy Chamberlain (Caroline Al-Beyerty) (acting alone or together) were authorised on behalf of the Corporation to execute and deliver those Private Placement Transaction Documents to be executed under hand, by signing (either jointly or severally) for and on behalf of the City of London Corporation.
8. The second tranche of private placement debt was due on 14 July 2021. On that date, the City Corporation was required to make certain representations and warranties to each purchaser of the debt securities and deliver certain signed documents to the purchasers.
9. However, since the first tranche of private placement debt had been received, Dr Peter Kane had left the City Corporation and Caroline Al-Beyerty had been appointed as Chamberlain in his place. The post of Deputy Chamberlain was currently vacant. As both Dr Peter Kane and Caroline Al-Beyerty were specifically mentioned in terms of their positions as being able to enact this transaction, it was considered prudent that formal confirmation be sought authorising the Chamberlain (Caroline Al-Beyerty) on behalf of the City Corporation to execute and deliver the Private Placement Transaction Documents to be executed under hand, by signing for and on behalf of the City of London Corporation, in order to effect the second tranche of the Private Placement and on an ongoing basis.
10. Further, as the post of Deputy Chamberlain was vacant and in case anything should befall the Chamberlain, it was also proposed that the Corporate Treasurer (Kate Limna) be authorised on behalf of the City Corporation to execute and deliver those Private Placement Transaction Documents to be executed under hand, by signing for and on behalf of the City of London Corporation.
11. The Court was not scheduled to meet again until 22 July and the second tranche of the private placement debt was due on 14 July. Therefore, the approval of the Court to this recommendation of the Finance Committee was sought and obtained under urgency procedures.

## **RECOMMENDATION**

12. We hereby **recommend** that the actions taken under urgency procedures be noted.

All of which we submit to the judgement of this Honourable Court.

DATED this 22<sup>nd</sup> day of June 2021.

SIGNED on behalf of the Committee.

**Deputy Jamie Ingham Clark**  
Chairman, Finance Committee