16th of July 2015 Committee meeting

In attendance AC, TJ, MF, the AJ, RF, ME, with apologies from Michelle Hamilton Kendall.

TJ confirming that they have an open a file with stones solicitors for the legal requirements for the loan with HSBC. HSBC have now asked why we have not proceeded with the loan already. HSBC will send the committee a form to sign with stones. The committee need to return this so that Nicola can acknowledge that we have discussed the matter and the money can be drawn down.

ME explained that he had been in contact to try and find another source of funding. He had explained to an individual that they are having issues with the bank despite being able to provide payment. It was a great shame as it would have to ask builders to start work. The roof is now on so that the existing structure it will not deteriorate. A contact of ME emailed him to ask for a meeting. At the meeting the contact said he would be happy to lend £60,000 as he provides loans to charities. ME and the individual went through the potential monthly repayments. The contact came to the gym with his Grandson the following day to say that all was okay for the loan. He was going away, but can provide the money if and when needed.The contact came into the gym the following week and explained that his business give money to charity and gave us £25,000 to avoid problems with the building work. £10,000 would be to cover the fitting and £15,000 for flooring which we needed to find any event.

YB stated that we would have had to stop building before Malta if we did not have this money.

ME stated that the benefactor allows us to continue if we can get the HSBC loan or getting the loan from him. Repayments will be at bank rates if he loans the sums to us. The benefactor wants straight forward terms as a written contract. There are some points in MF's emails regarding life insurance. ME doubting he can obtain insurance. ME stating we can adopt the organisation here to what would be more acceptable to obtain funding, such as a limited company being an option for whenever ME steps down and someone else takes over.

TJ said that when applying for the loan from Exeter city council,  we were a not for profit organisation. The Honour's did not consider that to be so because the gym club is a profit making business, but the charity is not. We looked at a few options at the time, set as a CASK. One option now is that the charity employs ME and we run the club.  The charity would take responsibility for the whole entity. Tanya would have continued use of the dance studio and it will be run in the same way etc.  and we will remain as a non-profit organisation. ME stated it was the easiest way to get funding for a new premises.

MF stated that we can provide a business plan and ME stated that an up to date plan was missing, but that is not a stumbling block.

TJ stated the issue is the not-for-profit organisation with the tenant as a profit making organisation. The next is the big picture for a dream gym. ME stated and for that we will need help.

AC stated that he did not appreciate that the charity will be employing ME as the way we are going to go down from the options discussed previously. AC asked if the gift from the benefactor was out right. ME confirmed that the £25,000 is a gift and the £60,000 was a loan. AC stated that if the benefactor is genuine then we should deal with him and not HSBC. TJ said that he was inclined to agree and echoed the concerns of MF. AC stated that the solicitor said at the meeting that his assets were not at risk. She then called him to say otherwise and he said that he banks with HSBC. The Solicitor advised him to change banks.

TJ said that he knew that about his responsibility. MF stated that the reason she agreed the position c.40 years ago was because it was a straight forward loan with life insurance. She is not doubting the value in the property it is just that the lease gives ME's family three months to decide what to do. If the bank could not sell the property it would be an issue and MF stated this is why she raised the issues in her email. Whatever the business plan in place, the solicitor said that HSBC could take the property first or go after the money from the trustees. AC stated that he was told they can take the money straight away and confirmed he would not be changing banks. ME stated that HSBC lead us to believe we were going to be paid the money easily. It is now more difficult to proceed and £60,000 is a small amount in terms and we have credibility of 35 years of repaying loans. MF stated is not the same as last time they raised loans. TJ stated that he had dealt with a pleasant young lady as the account manager at HSBC who had been very inefficient in getting documents in front of the right people. We have provided information informally and now they require it formally. This is still taking time. TJstated that if someone else had been dealing with it from the outset we might be in a different position. ME stated that the benefactor would still need some security. He stated he would put his house forward as security but the benefactors said that the gym club building is good enough. AC stated that if the benefactor is genuine, and it sounds like he is, he suggested TJ sit down with him on behalf of the charity. TJ said that they can do so as property trustees. ME stated he did not think that is what the benefactor wanted - he wanted the position in writing but to remain anonymous. ME explained that he had discussed repayment of the loan over five or six years with security over the gym building. MF stated it seemed to her that it is more like what they did previously. This just had the property at stake. ME stated that if the trustees felt personal risk, that was not the intention. AC stated that HSBC is exposing the trustees.

ME asking whether VJ can draw up an agreement. VJ confirmed that any agreement should be drawn up by an independent solicitor.

It was discussed whether pulling out of the loan would have any consequences. ME stated no. YB stated no other than solicitors fees incurred to date. TJ stated there might be set up fees with HSBC, but we can argue that it is not payable.

TJ asked whether we have enough information to go down the route of a Private vendor. ME confirmed that the gentleman in question was on holiday for the next 10 days, but he you can request the loan if needed. He will be making the loan to the charity through his business. AC stated we as a committee can write the benefactor to thank him. YB stated that the loan was to pay for the building and we would ring fence the £25,000 to pay for the other parts. AC asked whether the money it was already in our account and ME confirmed the £25,000 was and £15,000 will be needed for flooring. TJ asked if the gift was gift aided and ME confirmed that it was. YB confirmed that we should receive the gift aid next year.

ME raised that the cheer leading now rent the premises from the charity. TJ confirmed that this is now another revenue stream for the charity.

ME confirmed that once this had happened, the change can happen with the structure of the club for the new building. We can still continue doing gym with the work ethic we have. The changes can come in the end of this year / beginning of next year.

MF stated that she felt she had to raise points in case the unexpected happens.

ME will send emails to TJ regarding the benefactor to confirm the terms so that a contract can be drafted. This is to include security to be given over the property. MF stated that she was happier with that because the benefactor is part of the club. MF said she had been a trustee for 37 years, but the way it was explained to her by the solicitor made the loan very difficult. The benefactor will understand how we work and if anything happened he would be more understanding. We would not have this opportunity with the bank.

ME confirmed that the front of the building is now an office for Suzanne.

TJ say to that we need to keep the fundraising going any not lose focus.

It was agreed that ME is to contact the benefactor to confirm we would like to proceed with a loan through him and an agreement can then be drawn up. TJ is to draft a thank you letter for the gift and invite him to a "topping off" with the city council in the building is finished.

The committee to arrange a further meeting to discuss the matter in a few weeks.