

EAST GRINSTEAD MEMORIAL ESTATE LTD

Registered Charity No. 305211 Company No. 468425

MINUTES**DIRECTORS MEETING 03/2018**

7pm, Wednesday 29th August 2018
Chequer Mead Community Arts Centre,
De La Warr Rd, East Grinstead, RH19 3BS

1. Present
 - 1.1. Nunn, Russell, Graysmark, Thurlow, Phillips, Fisher, Stagg, Sweatman, Davis,
 - 1.2. Michael Robinson, a partner of our accountants, Brooks & Co, was also present by invitation.
2. Apologies for Absence
 - 2.1. Baker, Funnell, Yeoman.
3. Minutes of previous Directors Meeting 02/2018, 20th June 2018
 - 3.1. These were approved as being a true record of the meeting. The Chairman would sign them (and redact as necessary), and post on the web site for members to view, and also in the document archive.
4. Minutes of 69th AGM, 20th June 2018
 - 4.1. These were approved as being a true record of the meeting. The Chairman would sign them, and post on the web site for members to view, and also in the document archive.
5. Discussion on the future of The Lodge
 - 5.1. Declarations of Interest. Dick Sweatman is leader of the Town Council and they might have an interest in buying The Lodge. He was asked to leave the room and in his absence the remaining Directors agreed that he could participate in the discussion about The Lodge, but that he would not be able to vote on any motion. Dick was asked to rejoin the meeting and was satisfied with the decision of the other Directors.
 - 5.2. CN summarised the current situation:
 - 5.2.1. The Lodge is around 80-90 years old. The outside envelope is in good condition but the interior, particularly the kitchen and bathroom, are in a very poor condition. The Directors all had a recent opportunity to view the property to get a first hand view.
 - 5.2.2. The property had recently become vacant and was not considered to be let-able in its current condition
 - 5.2.3. Our prime Charitable Objects (a) and (b) (in précis) dictate that we focus on providing a public park, and supporting Recreation and Educational activities. The "subordinate" Objects (c), (d) and (e) (again in précis) allow us to buy and sell property and erect buildings, providing this is to further of our prime Objects. These are the founding Objects as agreed at the time of Alfred Wagg, and clearly he foresaw a time when we might need to sell some of our assets to further our good causes.
 - 5.3. Accountant's analysis. Brooks & Co had previously been asked to prepare a Net Present Value analysis of the various options open to us at this time:
 - 5.3.1. Option 1. Refurbish the Lodge at a cost of £25,000 and then realise a rent of £1,100 per calendar month
 - 5.3.2. Option 2. carry out a more extensive refurbishment (including an extension) at a cost of £100,000, and then realise a rent of £1,400 per calendar month
 - 5.3.3. Option 3. Sell the Lodge for £390,000 gross in its current condition and invest the proceeds with our current investment bankers.

- 5.3.4. The analysis showed that Option 2 (large scale refurbishment) would not produce a positive cash flow, even after 25 years and so this option was discounted.
- 5.3.5. Option 1 was discussed and it was now thought that the minimum refurbishment cost would be £65,000, but that the rent achievable may be as high as £1,400/month. This scenario produced a positive cashflow of £27k after 20 years.
- 5.3.6. After 20 years, Option 3 "sell and invest" produced a positive cashflow of £62k, i.e. £35k more than option 2
- 5.3.7. The Meeting discussed the values used in the various scenarios and even with adjustments, Option 3 clearly presented an opportunity for us to make more grants and support more good causes than the other options over coming years.
- 5.3.8. It was noted that the analysis didn't take account of any capital growth of the property, nor of our investments. It was noted though that over the last 32 years UK average house prices had increased 670%, and the FTSE 100 had increased 700% - i.e. more or less the same amount. Past performance is no indication of future returns, but the important thing for our Charity is to have cashflow to support our activities, not a large asset base.
- 5.3.9. Brooks & Co were asked to finalise the report in the light of our discussions.
- 5.4. Discussion. Each of the Directors in turn was asked for their views during which time the following points were made:
- 5.4.1. Our legal duty, as Directors of the Charity is to maximise value in pursuit of our Objects, therefore we have to choose Option 3
- 5.4.2. We have minimal skills (and indeed time) to be a Residential landlord. Not only is Option 3 a better financial option, it requires much less of the current, and future, Directors voluntary time to manage.
- 5.4.3. For a long time the purpose of the Lodge was to house our on-site gardener who tended the Estate before we leased it to MSDC. We no longer have a gardener and so its value to us is diminished.
- 5.4.4. Selling the Lodge is not contrary to our Objects.
- 5.4.5. It was noted that one Director who had tendered their apologies for this evening's meeting had submitted an email opinion which was undecided about the most appropriate course of action for the Lodge.
- 5.5. Decision. The Directors present were unanimous that we should sell the Lodge and invest the proceeds with Rathbones, our investment bankers.
- 5.6. Next actions. The Directors then discussed the ramifications of this decision:
- 5.6.1. It had been suggested earlier that in fact the site may have development potential which would increase its value. We would be derelict in our duty, and potentially personally liable, if we sold it as a stand-alone dwelling and the purchaser then gained planning permission to extend, or erect another dwelling. It was agreed that we would employ PBA-planning at a fee of £750 to explore the possibility of such a windfall gain with MSDC [Action:CN] This might take 10 weeks.
- 5.6.2. Concerns were expressed about a potential negative reaction that we were money grabbing and unconcerned about the potential impact any development would have on the visual amenity of East Court. It was felt though that the current "Conservation Area" status of the Estate and the Lodge, would ensure such protection. We also had the opportunity to put covenants into any selling arrangement.
- 5.6.3. It was felt that we needed to ensure our Members understood our reasoning and it was agreed that CN would make reference to our decision in a forthcoming Newsletter. Emphasis would be made on our increased ability to support good causes.
- 5.6.4. MP said that our decision made it even more imperative to ensure 365 day pedestrian access to the Lodge. EGTC were currently trying to restrict not only vehicular access for a few days a year (which we had agreed to) but also pedestrian access as well. This was unacceptable to us.

5.6.5. In time we will need to get an independent surveyor to ratify any decision we make.
This is a requirement from the Charity Commission.

5.6.6. We need to keep our insurers apprised of our plans. GS to talk to the brokers and to ensure all water is drained down to prevent any flooding issues.

6. Any Other Business

6.1. None

7. Dates of Subsequent Meetings

7.1. Directors Meeting: 7pm Wednesday 28th November 2018 at Chequer Mead.

A handwritten signature in black ink, consisting of several cursive loops and a horizontal line at the bottom.